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Ministry Business Plan

1997-98 to 1999-2000

Alberta

AGRICULTURE, FOOD AND
RURAL DEVELOPMENT

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Ministry of Agriculture,

Food and Rural Development

Business Plan

1997-98 to 1999-2000

Additional copies of the Ministry's Three Year Business Plan can be obtained by contacting the department's Administration Division at (403) 427-2151. Also, copies of the Ministry's Research Plan can be obtained by contacting Research Division at (403) 427-1956, and copies of the Ministry's Regulatory Reform Workplan can be obtained by contacting the Policy Secretariat at (403) 422-2070.

Accountability Statement

This Business Plan for the three years commencing April 1, 1997 was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at January 20, 1997 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.

Walter Paszkowski
Minister of Agriculture, Food
and Rural Development
January 24, 1997

Agriculture, Food and Rural Development

Business Plan 1997-98 to 1999-2000

Table of Contents

Introduction 3

Business Plan Foundation 4

Industry Vision 4

Ministry Vision, Mission and Goals 5

Primary Clients 5

Measurable Results 6

Key Directions 6

Financial Plan 9

Conclusion 10

Attachments

Macro Performance Measures 11

Highlights of Ministry Progress in 1996-97 13

Consolidated Income Statement 16

Table of Contents *(continued)*

Appendices

1. Department of Agriculture, Food and Rural Development Business Plan 17

2. Agriculture Financial Services Corporation Business Plan 37

3. Alberta Agricultural Research Institute Business Plan 53

4. Alberta Dairy Control Board Business Plan 63

5. Farmers' Advocate and Farm Implement Act Administration Business Plan 71

6. Irrigation Council Business Plan 75

7. Surface Rights Board/Land Compensation Board Business Plan 85

8. Agricultural Products Marketing Council Business Plan 89

9. Alberta Grain Commission Business Plan 95

Introduction

- The agri-food sector continues to be a key contributor to Alberta's economic prosperity:
    - Primary agriculture is Alberta's largest renewable resource-based industry. In 1995, the primary sector generated a record $5.85 billion in farm cash receipts, representing approximately 22% of Canada's primary agricultural output.
    - Alberta's food and beverage processing industry is the largest manufacturing sector in the Province. Estimated shipments in 1995 were $5.97 billion, accounting for over 21% of Alberta's total manufacturing shipments.
    - Primary agriculture together with the food and beverage manufacturing industry were the third largest employer in the Province in 1995, directly employing 113,400 Albertans.
- The sector offers significant potential for expansion in the years ahead:
    - The Ministry of Agriculture, Food and Rural Development (AFRD) believes the agri-food and fibre industry has the potential to become a $20 billion industry by 2005. Further, strong growth in value-added production will imply greater demand for primary production. Farm cash receipts could reach $9-10 billion in the same time frame.
    - Achieving these growth levels could result in a sizable increase in direct employment in primary production and in the food and beverage sector, as well as contributing to the further development of rural Alberta.
- The Ministry (which includes the department and nine agencies[1]) is committed to working with others to help the industry realize its potential. In addition, AFRD recognizes its role in coordinating the government's effort to encourage rural development.
- This document is the Ministry's fourth, three-year business plan. It outlines further refinements to AFRD's programs, policies and procedures to respond to client needs, while dealing with fiscal realities.

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1 The nine agencies reporting to the Minister are the Agriculture Financial Services Corporation (AFSC); the Alberta Agricultural Research Institute (AARI); the Alberta Dairy Control Board (ADCB); the Farmers' Advocate; Irrigation Council; the Surface Rights Board; the Land Compensation Board; the Agricultural Products Marketing Council; and the Alberta Grain Commission.

- AFRD contributes to the government's three core businesses - ***People, Prosperity and Preservation***. Our primary focus is on the second core business - working with others to promote prosperity for Alberta through a strong, market-driven agriculture and food industry. "**Agriculture is Growing More Than Food... It's *Growing Alberta***".

Business Plan Foundation

Industry Vision

- AFRD's strategic direction continues to be based on the shared industry/ government vision developed through the 1992-93 ***Creating Tomorrow*** (CT) public consultation process. This vision states that **Alberta's agriculture and food industry will:**

  - **be profitable**
  - **be globally competitive**
  - **be environmentally sustainable**
  - **and will value its people.**

- The Agriculture and Food Council was formed as a result of the CT consultation process and includes a broad representation of leaders from industry, government and the educational community. Since 1992-93, Council has been active in working with Alberta's agriculture and food industry and government to realize the vision.

- In January 1997, Council held a major conference in Red Deer to encourage stakeholders to work together in support of the industry's goals. In conjunction with the conference, Council is re-visiting the CT vision, goals and cooperative strategies.

- The Ministry is committed to reviewing its strategic plan in 1997, based on the results of Council's CT renewal process, and further input from the Alberta Economic Development Authority, the Alberta Science and Research Authority, and others.

Ministry Vision, Mission and Goals

- Vision: **We are a Ministry of competent and valued staff working together and in partnership with others to achieve a world class industry.**

- Mission: **We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.**

- The Ministry's goals reflect its core businesses.

  Goals:
  1. Improved access to domestic and world market opportunities.
  2. Improved industry service, quality and cost competitiveness.
  3. Increased amount of value added to industry commodities, products and services.
  4. Increased diversity of industry commodities, products and services.
  5. Increased responsibility of industry to manage risk.
  6. Improved stewardship of natural resources for agricultural, industrial and public benefit.
  7. Improved management of the Ministry's resources.

- In addition to the above, a number of AFRD's agencies have developed their own mission and goals which are compatible with the Ministry's direction.

Primary Clients

- AFRD will continue to direct most of its efforts towards its primary clients - defined as:

  those people and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and food industry.

Measurable Results

- The Ministry contributes to 14 of the government's 23 core performance measures as identified in the 1995-96 ***Measuring Up*** document (***Measuring Up: Second Annual Report on the Performance of the Government of Alberta).***

- In addition, the Ministry has agreed on seven overall performance measures which reflect change at the macro level. These macro measures with related benchmarks, forecasts and targets are included in Attachment 1.

    - Forecasts for 1995, as set out in last year's business plan, were either nearly met (Farm Cash Receipts - 99.7%) or exceeded. "Value of Alberta's Food and Beverage Shipments" exceeded expectations by 6.6% and "Value of Out-of-Province Shipments" was 27.1% higher.

    - For this year's plan, a measure of land productivity has been added to replace the "Acres of Summerfallow" measure. This will provide a better monitor of the work being done to ensure the continued long-term improvement in land productivity.

- AFRD's department and agencies have also developed specific key results, performance measures and indicators particular to their operations. These are included in their respective business plans.

- All of these measures are being monitored in an effort to identify opportunities and concerns to guide future action.

Key Directions

- The Ministry remains committed to facilitating the growth and development of the industry, while looking for new and innovative ways to improve its products and services and reduce net spending.

- The Ministry's main strategies include research; information, technology transfer and skill development; regulatory services; policy development; and financial and support services. Highlights of progress in 1996-97 are included in Attachment 2. More specific strategies and actions for 1997-98 to 1999-2000 are included in the department and agency business plans in the Appendices.

- Research and value-added development continue to be areas of increased emphasis.

- Significant actions to be implemented over the next three years include:

Goal	Significant Actions for 1997-98 - 1999-2000

Goal 1: Improved Market Access	• Increase marketing choices for Alberta's farmers by:
	  • encouraging implementation of the federal Grain Marketing Panel recommendations as a first step to change.
	  • implementing the Alberta Marketing Choice Program, following confirmation of its legality by the courts.
	  • challenging the legality of the Canadian Wheat Board contracting system.
	  • building on and supporting the new open marketing system for hogs.
	• Advocate trade liberalization for agriculture and food commodities.
	• Continue to enhance department capabilities in economic and market research, opportunity identification, and competitive intelligence.
	• Support improved safety, quality and consumer acceptance of Alberta agriculture and food products.
	• Facilitate feeder cattle movement between the U.S. and Canada.
	• Focus on Alberta/Canada beef achieving preferred Chinese market penetration.
	• Finalize the long-term approach regarding the role of AFRD's U.S. office.

Goal 2: Improved Industry Service, Quality and Cost Competitiveness	• Encourage and conduct research that will improve crop and livestock production while sustaining and improving resources.
	• Expand the delivery of the department's extension information on the Internet.
	• Encourage private industry to increase its delivery of information services.
	• Encourage the further development of private sector laboratories in support of all aspects of production and processing.
	• In cooperation with the Alberta Barley Commission, Alberta Public Works, Supply and Services, and others, plan and construct an advanced facility in Lacombe for cereal crop research and development.
	• Strive to keep the overall government costs of doing business in Alberta more competitive than elsewhere in North America.
	• Continue to implement the Ministry's Regulatory Reform Workplan by:
	  • completing the scheduled review of Acts (including a full review of the Farm Implement Act and the Irrigation Act by 1998-99);
	  • reviewing 27 Ministry regulations in 1997;
	  • reviewing all remaining Ministry regulations, including the Marketing Plans and Regulations of all 16 Boards and Commissions, by 1998-99; and,
	  • implementing the recommendations from the review of Ministry operating policies and procedures.

Goal 3: Increased Value Added	• Work with the management of the newly-established Agra Value Added Corporation (AVAC) to encourage the long-term growth and development of the agri-food and fibre sector. • AARI, in cooperation with AVAC, will expand its activity to stimulate, support and promote research on the processing, upgrading and extraction of high value products from farm commodities. • Facilitate access to capital pools for expansion-oriented value-added processors and farm operators.

Goal	Significant Actions for 1997-98 - 1999-2000
Goal 4: Increased Diversity of Industry Commodities, Products and Services	• Identify new diversification opportunities and encourage new diversification initiatives. • Facilitate the development and commercialization of plant biotechnology in Alberta. • Continue applied research on the potential for grass carp production in the Province. • In conjunction with Alberta's Irrigation Districts, develop a comprehensive set of maintenance guidelines to ensure investment in irrigation infrastructure is protected for the long term.
Goal 5: Increased Responsibility of Industry to Manage Risk	• Monitor the performance of the Farm Income Disaster Program (FIDP) and pursue changes, as necessary, to ensure the program meets its objectives. • Develop a link between Net Income Stabilization Account (NISA) data and FIDP payments. • Implement new crop insurance coverage concepts. • Assess the impact of AFSC's Beginning Farmer Program. • In partnership with others, implement provincial and national farm safety programs. • In cooperation with municipal governments across Alberta, undertake active prevention and treatment programs for the control of Dutch Elm disease.
Goal 6: Improved Resource Stewardship	• Implement a new provincial Environmentally Sustainable Agriculture (ESA) Program to replace the Canada-Alberta Environmentally Sustainable Agriculture Agreement (CAESA). • In consultation with customers and partners, initiate a review of public lands policies, including grazing lease issues. • Work with Patron's Associations to convert all grazing reserves to grazing management agreements by December 31, 1998. • Work with partners and customers to deliver the Special Places 2000 Program.
Goal 7: Improved Management of the Ministry's Resources	• Review the Ministry's strategic plan in light of the output from the Agriculture and Food Council's Creating Tomorrow renewal process. • Develop and implement a more formalized process to obtain customer feedback on Ministry performance. • Develop a departmental leadership and succession planning system. • Continue to amalgamate Public Lands, Regional Advisory Services, and AFSC Lending and Insurance offices. • Subject to successful negotiations with federal and municipal governments, transfer the responsibility for provincial food inspection to the new national single food inspection agency. • Further implement fees for selected departmental services, materials and programs where there is direct benefit to individual users. • Implement new financial and human resource systems to improve management information and reduce costs. • Consider transferring the Livestock Patrons' Assurance Fund to industry.

Financial Plan

- The following table summarizes the income statements for the Ministry since 1992-93. More detailed statements are included in Attachment 3.

($000)	Consolidated Income Statement			Expenditure Funded From GRF	% Reduction from 1992-93 Base
	Net Expense	Revenue	Expense		
1992-93 Base	516,231	668,385	1,184,616	510,035	----
1996-97 Forecast	279,183	264,058	543,241	341,751	33.0
1997-98 Estimate	219,064	310,639	529,703	301,359	40.9
1998-99 Projection	267,220	267,929	535,149	293,776	42.4
1999-2000 Projection	259,863	269,199	529,062	292,363	42.7

(Note: Figures for 1992-93 have been made comparable by adjusting for funds that are now considered part of the General Revenue Fund. Revenues of the department for 1997-98 to 1999-2000 include projections of amounts receivable under federal-provincial cost sharing agreements. Amounts receivable under the agreements will be affected by the decision of the federal government on January 7, 1997 to increase the number of commodities and to cover, what otherwise would have been, the provincial contribution to the Net Income Stabilization Accounts. As a result, annual consolidated revenues for 1997-98 to 1999-2000 may be overstated between $15 million to $25 million.)

- Historical and projected "full time equivalent" (FTE) estimates are as follows:

($000)	1992-93 Base	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Department	1,776	1,265	1,228	1,214	1,216
Department Revolving Fund	--	182	165	147	118
Farmers' Advocate	8	6	6	6	6
Irrigation Council	3	3	3	3	3
Surface Rights/Land Compensation Board	26	20	20	20	20
Agricultural Products Marketing Council	4	4	4	4	4
Alberta Grain Commission	2	2	2	2	2
Sub Total	1,819	1,482	1,428	1,396	1,369
Agriculture Financial Services Corporation	531	435	423	335	335
Alberta Agricultural Research Institute	28	34	41	41	41
Alberta Dairy Control Board	11	11	11	11	11
Total Ministry	2,389	1,962	1,903	1,783	1,756

(Note: Figures for 1992-93 to 1995-96 have been made comparable by adjusting for responsibilities that have since been transferred to AFRD from other ministries.)

Conclusion

- This plan carries on with the direction AFRD has established in previous years. It sets out a clear course for the Ministry and will be reviewed and updated annually, based on feedback from clients, and changes in the industry and the government policy environment.

Attachment 1: Ministry Macro Performance Measures

1. Percentage of Canadian Farm Cash Receipts Alberta farmers and ranchers account for.

Alberta Farm Cash Receipts

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Target	1998 Target	2000 Target
Total Receipts ($000)	4,604,406	5,495,131	5,846,060	5,800,000	5,900,000	6,000,000	6,200,000
Alberta as a % of Canada	20.1	21.3	22.0	21.5	21.5	21.8	22.0

(Notes: Unless otherwise stated, the 1989-1993 Benchmarks for all measures are five year averages for 1989 to 1993. Sources for Benchmarks and Actuals are Statistics Canada and Alberta Agriculture, Food and Rural Development. Some figures have been restated as a result of additional information.)

2. Government program payments to Alberta farmers.

Direct Program Payments

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Target	1998 Target	2000 Target
Total Payments ($000)	556,781	355,380	152,243	255,000	280,000	280,000	285,000
Payments as a % of Farm Cash Receipts	12.1	6.5	2.6	4.4	4.7	4.7	4.6

(Note: Direct program payments to Alberta farmers represent dollars paid directly to farmers from provincial and federal government programs. Included are payments from NISA, GRIP, crop insurance, tripartite programs, FIDP, drought, compensation for animal losses and dairy subsidies. Program payments presented here are not net of producer premiums and do not include payments under the Western Grain Transition Payments Program.)

3. Percentage contributed by Alberta's food and beverage industry to Canada's total value of shipments.

Alberta Food and Beverage Industries' Value of Shipments

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Target	1998 Target	2000 Target
Total Value of Shipments ($000)	4,866,687	5,758,800	5,971,000	6,400,000	7,000,000	7,500,000	9,000,000
Alberta as a % of Canada	10.9	11.6	11.6	12.3	12.5	12.9	15.0

4. Value of shipments of agriculture and food products from Alberta to other provinces and countries.

Value of Out-of-Province Shipments of Agriculture and Food Products

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Target	1998 Target	2000 Target
Total Value ($000)	4,141,224	5,856,005	6,479,612	6,500,000	6,700,000	7,000,000	8,000,000

5. Importance of Alberta agriculture, food and beverage industries relative to Alberta's gross domestic product.

Contribution to Alberta's Gross Domestic Product

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Target	1998 Target	2000 Target
% of total GDP	4.74	5.01	5.42	5.45	5.50	5.55	5.60

6. Employment in agriculture and food.

Employment (thousands of people)

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Target	1998 Target	2000 Target
Primary Agriculture	88	80	96	93	95	100	115
Food and Beverage	17	17	17	17	20	25	35
Total	105	97	113	110	115	125	150

(Note: Alberta's agriculture industry continues to maintain a very low level of unemployment when compared to any of the major industries in Alberta.)

7. Alberta land productivity indicator.

Output (tonnes/acre)

	1971-1980 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Target	1998 Target	2000 Target
Indicator	0.78	0.90	0.96	0.95	0.96	0.97	0.98

(Note: This indicator is the best available proxy for long-term land productivity. Crop production per acre for the various crops grown in the province was converted to a standard base - tonnes per acre of wheat. This conversion allows for differences in yields of the various crops. Although soil degradation is still a concern on some lands, most producers use land management practices which will ensure long-term sustainability of agriculture in Alberta.)

Attachment 2: Highlights of Ministry Progress in 1996-97

Goal	1996-97 Progress
Goal 1: Improved Market Access	• The Ministry continued to pressure the federal government to make changes to Canadian Wheat Board regulations in line with the results of the November, 1995 industry plebiscite. • Two court cases were initiated in an effort to bring about market choice in the wheat and barley markets. • Marketing Council worked with the APPDC and industry to replace the single desk hog marketing system with the new open marketing system, implemented on December 2, 1996. • The Ministry entered into a cooperative agreement with the Chinese Ministry of Agriculture, establishing the framework for Alberta businesses to operate in China. • Implementation of a working agreement with Agriculture and Agri-food Canada, to enhance the co-ordination of provincial and federal government trade activities, commenced in July, 1996. • A private sector "ag food alliance" began operation to facilitate information exchange on international market opportunities.
Goal 2: Improved Industry Service, Quality and Cost Competitiveness	• AARI's strategy of allocating a greater proportion of its funds to matching grants continues to be effective, resulting in AARI funding twice as many projects as would have been supported under direct funding. • The Ministry completed negotiations with the federal government for the creation of a $9.5 million adjustment and development fund to be managed by the Agriculture and Food Council. • A new partnership with the Alberta Pork Producers Development Corporation and the University of Alberta (the U of A Pork Research Centre) will address production issues of greatest concern to the pork industry. • Department plant breeders have a number of barley, winter wheat and triticale varieties in various stages of testing, for prospective registration. • Over 400 applied research plots provided relevant information in areas such as specialty crops, cereals and oilseeds, forages, conservation practices and livestock practices. • A new three-year agreement for cost sharing farm management training programs was negotiated and signed with the federal government. • As a result of the Ministry's successful Internet pilot (Project Barley), the decision was made to expand AFRD's Internet Website (Ropin' the Web at www.agric.gov.ab.ca/) to include additional commodities and services. • The Green Certificate Program provided apprenticeship-style production and management training to over 200 trainees. • Growing Alberta was launched and began the process of informing the urban public of the industry's contribution to the economy and its commitment to environmental stewardship. • The Ministry continued its participation in the Regulatory Review process - reviewing acts, regulations and operating policies and procedures for possible improvement. During 1996-97, 6 acts were amended (2 major). Thirty-nine regulations were reviewed, with 18 rescinded.

Goal	1996-97 Progress
Goal 3: Increased Value Added	• The Ministry worked closely with industry to establish a major new, self-sustaining fund for value-added agri-processing in Alberta. This fund (managed by the Agra Value Added Corporation) is industry-directed in support of the development of new value-added products and technologies, and to support bringing them to the market place. • A bilateral agreement was signed with the federal government, securing $9.9 million for agri-food development. • The Agriculture and Food Council, Agriculture and Agri-Food Canada, and AFRD jointly sponsored the successful Leaders' Challenge Conference, which revisited the shared vision and goals and encouraged increased cooperation on joint strategies to realize the $20 billion opportunity. • In cooperation with producers, an Alberta Quality Pork pilot project was developed to assist producers and processors meet the demands of global customers.
Goal 4: Increased Diversity of Industry Commodities, Products and Services	• Arrangements were made for the transfer of provincial responsibility for aquaculture from Environmental Protection to AFRD. • Additional resources were allocated to increase the department's emphasis on plant biotechnology commercialization. • Farmed elk and deer numbers increased by 28% and 33% respectively over 1995-96. As well, 60 new game farm licenses were issued. • The new long term irrigation rehabilitation program was implemented with a phased-in approach to adjusting the funding allocations.
Goal 5: Increased Responsibility of Industry to Manage Risk	• AFSC successfully implemented the Farm Income Disaster Program (FIDP). • Federal/provincial cost-sharing agreements for Alberta safety nets were executed, covering the period 1996-97 to 1998-99. • Alberta terminated its contribution to the Net Income Stabilization Account (NISA) Program. • AFSC completed a review of Crop Insurance, which led to program modifications to be implemented for the 1997 crop year. • The Ministry administered the Arable Acres Supplementary Payments program for forage and selected special crops acres. • AFRD continued to work with other governments and industry to promote farm safety. Initiatives included using innovative mass media awareness campaigns involving children and teens.

Goal	1996-97 Progress
Goal 6: Improved Resource Stewardship	• A new Environmentally Sustainable Agricultural (ESA) program was developed to replace CAESA. • In conjunction with industry, the Ministry encouraged and assisted municipalities to adopt the new code of practice guidelines for permitting intensive livestock operations. • In conjunction with Alberta Environmental Protection and the Provincial Coordinating Committee, the Ministry participated in reviewing 26 sites under the Special Places 2000 Program. • The Ministry distributed $4.3 million to 67 agricultural service boards for local pest and weed control programs, and for soil and water conservation programs. • A cooperative initiative between the Ministry, Environmental Protection, and PFRA produced a major publication/video resource entitled "Water Wells that Last". • In response to the new direction for the Provincial Grazing Reserve Program (PGR), nine patrons' associations chose to privatize cattle management through Grazing Management Agreements.
Goal 7: Improved Management of the Ministry's Resources	• A new Employee Performance Development Plan was implemented in the department, linking individual employee performance to the business plan. • The department launched a corporate communication initiative to improve internal communications and morale. • Six additional Regional Advisory Service/Public Lands/AFSC/FCC office amalgamations were completed as the Ministry continued its move towards first-stop centres. • AFSC successfully implemented the point of sale transaction (POST) system for crop insurance delivery through field offices. • A client/staff survey was completed to evaluate service after the major re-structuring of AFRD's extension network. • Transfer of provincial dairy plant inspection to the national single agency system was finalized. • The department outsourced a number of specific information technology support functions. • The Public Lands Program (including PGR's) achieved full cost recovery within AFRD's Revolving Fund.

Attachment 3: Agriculture, Food and Rural Development Ministry Consolidated Income Statement

($000)	1992-93 Actuals	1993-94 Actuals	1994-95 Actuals	1995-96 Actuals	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Revenue								
Department	20,031	56,173	18,861	10,508	8,717	62,278	29,848	37,900
AFRD Revolving Fund	–	–	–	11,652	10,443	9,175	9,150	8,200
Livestock Patrons' Assurance Fund	505	478	550	581	535	660	700	720
Irrigation District Rehabilitation Fund	10,418	6,138	1,028	240	148	–	–	–
Agriculture Financial Services Corporation	995,006	544,970	294,343	380,631	390,143	388,049	366,725	361,571
Crop Reinsurance Fund of Alberta	15,028	16,156	12,893	16,012	18,360	12,180	12,649	12,649
Alberta Agricultural Research Institute	2,205	6,536	7,781	8,325	10,293	10,382	10,387	8,658
Alberta Dairy Control Board	827	772	803	798	1,007	766	766	766
Northern Lite Canola Inc.	(4,020)	(2,049)	–	–	–	–	–	–
Consolidation Adjustments	(371,615)	(246,637)	(67,032)	(202,397)	(175,588)	(172,851)	(162,296)	(161,265)
Total Consolidated Revenue	**668,385**	**382,537**	**269,227**	**226,350**	**264,058**	**310,639**	**267,929**	**269,199**
Expense								
Department	510,035	479,045	343,198	364,613	341,751	301,359	293,776	292,363
AFRD Revolving Fund	–	–	–	10,936	10,331	9,475	9,475	7,800
Livestock Patrons' Assurance Fund	13	92	74	1,148	90	90	90	95
Irrigation District Rehabilitation Fund	–	–	8,957	7,234	1,781	–	–	–
Agriculture Financial Services Corporation	812,285	408,515	152,493	242,130	279,657	312,224	317,608	317,263
Crop Reinsurance Fund of Alberta	31,917	–	–	–	–	–	–	–
Alberta Agricultural Research Institute	2,777	6,998	7,910	8,461	10,328	10,659	10,541	8,835
Alberta Dairy Control Board	732	746	751	766	1,159	750	750	750
Consolidation Adjustments	(282,202)	(240,416)	(167,515)	(209,455)	(175,588)	(172,851)	(162,296)	(161,265)
Sub Total Consolidated Expense	**1,075,557**	**654,980**	**345,868**	**425,833**	**469,509**	**461,706**	**469,944**	**465,841**
Debt Servicing Costs - Agriculture Financial Services Corporation	109,059	104,110	94,587	84,645	74,031	67,997	65,205	63,221
Total Consolidated Expense	**1,184,616**	**759,090**	**440,455**	**510,478**	**543,540**	**529,703**	**535,149**	**529,062**
Gain (Loss) on Disposal	–	–	–	(61)	299	–	–	–
Net Revenue (Expense)	**(516,231)**	**(376,553)**	**(171,228)**	**(284,189)**	**(279,183)**	**(219,064)**	**(267,220)**	**(259,863)**

(Note: Revenues of the department for 1997-98 to 1999-2000 include projections of amounts receivable under federal-provincial cost sharing agreements. Amounts receivable under the agreements will be affected by the decision of the federal government on January 7, 1997 to increase the number of commodities and to cover, what otherwise would have been, the provincial contribution to the Net Income Stabilization Accounts. As a result, annual consolidated revenues for 1997-98 to 1999-2000 may be overstated between $15 million and $25 million.)

Appendix 1 Department of Agriculture, Food and Rural Development

Business Plan 1997-98 to 1999-2000

Table of Contents

Executive Summary 18

Mission and Goals 18

Measurable Results 19

Action Plans 19

Financial Plan 35

Executive Summary

- This plan is the department's fourth, three-year business plan. It continues to build on previous plans, clearly setting out department strategies and actions through to 1999-2000, to help achieve Ministry goals and meet the Ministry's mission. The plan is consistent with overall government direction, and continues to be customer-driven - reflecting a broad range of input, as expressed through a number of formal and informal consultation processes.

- The department fully believes the agriculture and food sector offers the opportunity for strong growth in the years ahead. This growth will be led by an expanding value-added sector, which in turn will lead to growth in the primary industries and the further development of rural Alberta.

- The recently announced Agra Value Added Corporation will be a major contributor to assist the industry in realizing its potential. The department will continue to work with others, including the management of the Corporation, to facilitate the growth and development of the industry in line with available opportunities.

- We believe that our actions have made a difference in past, and that our plans will make a strong contribution to the growth and development of the agriculture and food industry, and the strength and prosperity of Alberta in the future.

Mission and Goals

- The department is fully committed to the Ministry's mission:

  We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.

- In addition, it has adopted and contributes to the seven Ministry goals.

  1. Improved access to domestic and world market opportunities.

  2. Improved industry service, quality and cost competitiveness.

  3. Increased amount of value added to industry commodities, products and services.

  4. Increased diversity of industry commodities, products and services.

5. Increased responsibility of industry to manage risk.

6. Improved stewardship of natural resources for agricultural, industrial and public benefit.

7. Improved management of the Ministry's resources.

Measurable Results

- The importance of having meaningful measures to monitor progress is understood.

- The department strongly supports the seven macro measures included in the Ministry plan as good overall measures to reflect industry change in line with defined goals. In addition:

    - the department has developed indicators for each of the seven goals (as outlined in the "Action Plans" which follow), and has identified measures for each of these indicators,
    - divisions and branches have continued to develop sets of measures specific to their areas, and
    - employees have been encouraged to identify measures related to their individual performance, as part of the Employee Performance Development Process.

- While there is still work to be done, the intent is that all of these measures will be monitored to support strategic and operational planning and decision making.

Action Plans for 1997-98 to 1999-2000

- While the department is proposing a number of new initiatives, many of the actions are continuations of those presented last year. **Consistent with the presentation in our previous plans, actions which are new or have changed significantly are designated with a "★". Ongoing actions are preceded by a "■".**

- The Ministry is charged with the lead role in rural development. This involves efforts of all provincial departments, other levels of government, the private sector and communities themselves.

- The Ministry, in cooperation with these partners, "steers" the rural development process, emphasizing:

  - a supportive fiscal, social and regulatory climate;
  - a balanced emphasis on social, economic and environmental priorities; and,
  - the united efforts of the community, the private sector and government.

  The intent is that skilled, motivated community leaders have access to information and resources to take responsibility for the development of their communities and businesses.

- While we believe the actions listed on the following pages in support of the agriculture and food industry also support rural development, a number of our proposed actions directly relate to the Ministry's rural development responsibilities. These are:

  - Provide leadership in the development of partnerships and alliances to improve rural development resources and programs.
  - In partnership with industry and appropriate organizations, design, create, and deliver educational resources and provide training which meets the needs of a diverse clientele, including producers, processors, farm employees, commodity groups, community leaders, rural youth and volunteers.
  - Continue to promote an integrated approach to support rural business development.
  - Work with local community partners, such as service clubs, agricultural societies and 4-H, to design and implement a program to develop the entrepreneurial skills of rural youth.
  - Continue the 4-H Key Leader Program and recruit more private sector sponsorship.
  - Continue to work closely with rural organizations such as agricultural societies and agricultural service boards to ensure proper infrastructure and programming is in place to support rural development.

Goal #1: Improved access to domestic and world market opportunities.

Key Results:	Indicators:
• Improved ability of Alberta's agri-food industry to assess and respond to market opportunities. • Increased market share in new and existing markets.	• Alberta's market share for priority products in priority markets. • Regulatory impediments.

Strategies:

- Increase the availability of strategic market information for use by industry in assessing opportunities.
- Encourage industry to take advantage of available opportunities in the global marketplace.
- Develop and advocate policies that improve market access.

Actions:

Market Opportunities, Information, and Access:

- Develop timely, accurate and accessible market information and ensure clients and partners are aware of market opportunities and constraints.
- Support the development of industry capability to conduct market research and collect, analyse and transfer market information.
- Continue to enhance department capabilities in economic and market research, opportunity identification, and competitive intelligence.
- Provide opportunities for clients and partners to increase their knowledge and awareness of international markets.
- Encourage the industry to expand its networking to improve its effectiveness.
- Encourage improved market-readiness.
- Continue to allocate most market development resources towards priority geographic areas and priority products.
- Support improved safety, quality and consumer acceptance of Alberta agriculture and food products.

★ Focus on Alberta/Canada beef achieving preferred Chinese market penetration.

★ Finalize the long-term approach regarding the role of AFRD's U.S. office.

★ Undertake a pilot project to investigate the merits of recognizing pest-free zones in Alberta.

- Encourage industry to adopt international food processing standards by implementing an information program on Hazard Analysis Critical Control Point (HACCP) standards, ISO9000, and other quality assurance issues.
- Collect animal health information necessary to support continued access to domestic and international markets.
- Facilitate feeder cattle movement between the U.S. and Canada.

Policy Adjustment:

- Focus actions on policy and trade issues with the greatest potential for growth and development of Alberta's agriculture and food industry.
- ★ Increase marketing choices for Alberta's farmers by:
  - Encouraging implementation of the federal Grain Marketing Panel recommendations as a first step to change.
  - ★ Implementing the Alberta Marketing Choice Program, following confirmation of its legality by the courts.
  - Challenging the legality of the Canadian Wheat Board contracting system.
  - ★ Building on and supporting the new open marketing system for hogs.
- Recommend changes to federal and provincial policies and programs to allow industry to make effective/efficient use of opportunities arising from the World Trade Organization (WTO) Agreement and the North American Free Trade Agreement (NAFTA).
- Advocate trade liberalization for agriculture and food commodities.
- Contribute to further reductions in interprovincial trade barriers by supporting an expansion in the scope and coverage of the internal trade agreement.
- Work with partners to resolve and prevent trade litigation.

Goal #2: Improved industry service, quality and cost competitiveness.

Key Results:	Indicators:
• Improved ability of Alberta's industry to meet its customers' needs. • Improved industry cost structures.	• Industry cost per unit of output. • Quality of industry products and services.

Strategies:

- Encourage and conduct research targeted at those areas with the greatest potential for sustainable growth or significant improvement in efficiency.
- Improve the transfer of integrated and unbiased technology and information to assist industry competitiveness and market responsiveness.
- Encourage greater private sector involvement in conducting and funding research and in the delivery of information, technology and services.
- Enhance public awareness of the industry.
- Develop and administer an improved legislative, regulatory and policy environment.

Actions:

New Information and Technology:

- Encourage and conduct research that will improve crop and livestock production, while sustaining and improving resources.
- Collect, collate and evaluate research from around the globe.
- Strengthen partnerships with private and public research organizations to ensure key research capabilities are maintained.
- Continue to develop networks, multi disciplinary teams, and joint research with private and public, provincial, national and international organizations to ensure that high priority research is done and duplication is avoided.
- Encourage private sector organizations to assume greater responsibility for research important to their respective interests.
- ★ In cooperation with the Alberta Barley Commission, Alberta Public Works, Supply and Services, and others, plan and construct an advanced facility in Lacombe for cereal crop research and development.
- Continue the emphasis of the Alberta Farm Machinery Research Centre toward the evaluation of complete systems (cropping, harvesting, storage, processing).
- Undertake research to improve management systems for confinement livestock operations that minimize environmental concerns.

- ★ Increase the department's commitment to precision farming research and technology transfer.
- Support industry-directed genetic improvement research and development for crops and livestock.

Technology Transfer and Skill Development:

- Strengthen the department's core capabilities in key technology, knowledge and skill areas.
- In conjunction with industry and other stakeholders, continue to offer quality educational programs and conferences.
- Together with industry, develop and implement user-friendly electronic communications:
  - Expand the delivery of the department's extension information on the Internet.
  - ★ Develop an Internet home page for each field office, within AFRD's Website.
  - Aggressively market the department's Internet site to industry.
  - Maintain and upgrade SPERG (a database of government programs and services) on the Internet.
- ★ Develop a strategy to respond to the federal downloading of farm management training programs.
- Encourage private industry to increase its delivery of information services.
- Encourage the further development of private sector laboratories in support of all aspects of production and processing.
- Advance the humane and responsible care of animals in livestock operations.

Industry and Consumer Awareness:

- In partnership with industry, develop agricultural education awareness resources and train educators in the use of appropriate strategies, which promote an unbiased understanding of the agriculture and food industry.

Regulatory and Policy Framework:

- Strive to keep the overall government costs of doing business in Alberta more competitive than elsewhere in North America.
- Participate in the Regulatory Reform process to facilitate business and economic development and to reduce costs to customers and the government.
- Advocate changes to marketing, handling and transportation regulations and operations to enhance global competitiveness.
    - Advocate change in rail car allocation practices.

★ Review the status of Heritage hopper cars.

★ Develop a plan to respond to the needs and opportunities which arise in the industry in response to the federal decision respecting the federal hopper cars.

- Work with industry and other governments to ensure the effective use of industry development funds made available under the Agricultural Safety Net Management Agreement.

Goal #3: Increased amount of value added to industry commodities, products and services.

Key Results:	Indicators:
• Increased quantity of marketable products processed in Alberta. • Growth and development of the value-added sector.	• Total value added to agricultural commodities. • New investment in value-added development.

Strategies:

- Work in partnership with others to develop opportunities, reduce constraints, and encourage new and expanded value-added production in Alberta.

Actions:

Value Added:

★ Work with the management of the newly-established Agra Value Added Corporation to encourage the long-term growth and development of the agri-food and fibre sector.
- Encourage research and the commercial development of new value-added products.
- Support and promote technological advances in the food processing industry that increase value added.
- Facilitate expansion and new investment in the industry.
- Encourage existing and prospective entrepreneurs to prepare well-developed business plans.

★ Reallocate resources to place more emphasis on attracting new investment from Asia.
- Identify constraints and distortions that inhibit industry's ability to add value, and work to resolve selected issues (e.g., the proposed Canada Transportation Act, Canadian Wheat Board Act, taxation inequities).
- Assist producers meet and exceed the specialized needs of their value-added customers by encouraging the adoption of on-farm quality assurance programs.

★ Partner with industry in sponsoring major value-added conferences and seminars.
- Work with appropriate commodity and agri-food groups to develop new food product information materials.
- Continue support for the Alberta Food Processors Association.

Goal #4: Increased diversity of industry commodities, products and services.

Key Results:	Indicators:
• Increased number of marketable commodities grown, raised and processed in Alberta. • Growth in the production and sales of non-traditional commodities, products and services.	• Value of production of non-traditional commodities and products.

Strategies:

- Continue to encourage more diverse, commercially sustainable production in Alberta.

Actions:

Diversification

- ▪ Conduct and encourage research on new crops, alternative livestock and agri-food products appropriate for Alberta.
- ▪ Identify new diversification opportunities and encourage new diversification initiatives.
- ▪ Maintain a catalogue of references and training materials on new ventures and diversification alternatives on AFRD's Internet Website.
- ▪ Continue to utilize the Food Processing Development Centre to provide technical information and to assist in the development of new and diverse products.
- ▪ Facilitate the development and commercialization of plant biotechnology in Alberta.
- ▪ Continue applied research on the potential for grass carp production in the Province.
- ★ Develop new audio-visual and printed information on organic farming that will respond to increased producer interest in this area.
- ★ Initiate a review of the Irrigation Act.
- ★ Evaluate the potential of accelerating the rehabilitation of the main canals in the Western and Bow River Irrigation Districts.
- ▪ Continue the collection and analysis of irrigation water requirement information to support the Year 2000 Water Management Review for the South Saskatchewan Basin.

Goal #5: Increased responsibility of industry to manage risk.

Key Results:	Indicators:
• Increased use of new and existing marketing, processing, production and financial risk management information and tools by the industry. • Effective safety net programs compatible with international trade obligations.	• Variability in agriculture and food industries' receipts. • Government payments to the agriculture and food industries.

Strategies:

- Encourage increased knowledge and skills that will help minimize risk from adverse events.
- In conjunction with AFSC and others, continue to advocate an effective whole-farm safety net approach.

Actions:

Risk Management Information:

- Provide information and training to increase the awareness and understanding of risk management tools.
- Develop and provide information on preventing and managing livestock and plant diseases.
- In cooperation with municipal governments across Alberta, undertake active prevention and treatment programs for the control of Dutch Elm disease.
- ★ Conduct further research on protective clothing and agricultural pharmaceutical waste disposal.
- In partnership with others, implement provincial and national farm safety programs.

1997-98 - Safety Nets:

- ★ Monitor the performance of the Farm Income Disaster Program (FIDP) and pursue changes, as necessary, to ensure the program meets its objectives.
- ★ As a follow-up to the national crop insurance review, assist in the implementation of an improved crop insurance program.
- ▪ Continue to evaluate remaining price and input support programs, and pursue adjustments in line with the whole-farm safety net approach.

1998-99 - Safety Nets:

- ▪ Continue to evaluate the performance of FIDP.
- ★ Evaluate and report on federal-provincial safety net agreements for program and cost-sharing effectiveness, and make adjustments in line with the whole-farm safety net approach.
- ★ Begin negotiations with the federal government for a new set of bilateral agreements on safety net management and cost sharing.

Goal #6: Improved stewardship of natural resources for agricultural, industrial and public benefit.

Key Results:	Indicators:
• Improved and sustainable soil and water resources. • Maintenance and improvement in the quality of the public land resource. • Increased sustainable use of public lands by agriculture, other industries, the public and wildlife.	• Land productivity. • Water quality.

Strategies:

- Develop and extend technologies and management practices that protect, enhance and integrate our soil, water and other natural resources.
- Monitor the impact of the agriculture and food industry on soil, water and the larger ecosystem.
- Manage White Area public lands for the long-term benefit of the agriculture industry, other industries and the public, by maintaining a balance of development, use and conservation.

Actions:

Resource Stewardship:

- Continue to develop, package and transfer information to protect and improve soil and water resources and air quality.
- Promote and encourage environmentally-sustainable production and processing practices in the industry.
- ★ Implement a new provincial Environmentally Sustainable Agriculture (ESA) Program to replace the Canada-Alberta Environmentally Sustainable Agriculture Agreement (CAESA).
- Continue to encourage municipalities to incorporate provincial land use policies in their municipal development plans and bylaws.
- Work with others to provide training and successfully implement the intensive livestock operations guidelines.
- Partner with other agencies to facilitate improved management of riparian areas on agricultural lands.

★ Partner with other agencies to support the management of woodlots in an environmentally-sustainable manner.
★ Replace the dryland salinity investigation service with a more cost-effective approach to assess potential for implementing controls.
★ Initiate an "agricultural impact on water quality" monitoring program.
▪ Design new research projects aimed at integrating crop and livestock production with stewardship needs.

Public Lands Management:

▪ In cooperation with partners, develop and administer essential policy and legislation for the management of public land, and provide opportunities for public input into land use decisions.
★ In consultation with customers and partners, initiate a review of public lands policies, including grazing lease issues.
★ Operate public lands programs, including PGR's, on a full cost recovery basis within the Ministry revolving fund.
▪ Reallocate uses for grazing reserves which do not operate on a full cost recovery basis.
★ Work with Patron's Associations to convert all grazing reserves to grazing management agreements by December 31, 1998.
★ During 1997-98, implement a new provincial grazing reserve re-development process through patron funding.
★ Privatize maintenance and development activities on PGR's.
★ Develop an allotment policy with the associations which ensures continued access for new patrons, and is within the grazing capacity of the individual reserves.
★ Provide and manage multi-use opportunities on PGR's.
▪ Manage public land agricultural dispositions in a manner which assists the sustained development of the agricultural industry, while responding to the needs of other users.
▪ Work with partners and customers to deliver the Special Places 2000 Program.
★ Implement government policy decisions on the management of former tax-recovery lands.

Goal #7: Improved management of the Ministry's resources.

Key Results:	Indicators:
• Competent, versatile employees. • Optimal use of financial and capital resources. • Client satisfaction with department services and products.	• Expenditure in priority areas. • Client satisfaction. • Staff satisfaction.

Strategies:

- Improve: Business planning and implementation.
  Human resource development planning and programming.
  Fiscal responsibility and accountability.

Actions:

Business Planning:

- Continue to incorporate customer feedback in the preparation of the plans and policies of the department.
  - ★ Develop and implement a more formalized process to obtain customer feedback on Ministry performance.
- Use product teams as mechanisms to improve cross-sectoral department planning in priority areas.
- Continue to work with the Agriculture and Food Council to integrate strategic plans and policies with the industry vision and goals.

Human Resource Development:

- Manage the department's Human Resource Development Plan and monitor progress.
  - Increase employees' understanding of the department's business plan and the corporate values that support it.
  - ★ Increase employees' involvement in business planning.
  - Continue to coordinate employee training and development initiatives.
  - ★ Develop a departmental leadership and succession planning system.

- Continue to develop and improve corporate systems that support human resource development (e.g., Employee Performance Development Process, Employee Recognition Program, process to link divisional business planning to divisional human resource development planning).
- ★ Measure the impact of the department's human resource development plan.

Administrative Practices:

- Ensure department resources are allocated effectively, in line with government guidelines and department goals.
- Handle client and departmental requests and queries promptly and effectively.
- Improve the quality of communications with clients and staff.
  - ★ Refocus the staff newsletter as a corporate information tool.
  - Promote better two-way communications through key communicators and brown-bag sessions.
  - ★ Formalize an external communication plan to coordinate consistent messages to our clients and the public.
- Implement new financial and human resource systems to improve management information and reduce costs.
- In conjunction with AFSC, establish a Ministry electronic network to enhance internal communications.
- Maintain an effective information technology infrastructure, providing user-friendly access, 24 hours a day, 7 days/week.
- Continue to amalgamate Public Lands, Regional Advisory Services, and AFSC Lending and Insurance offices.
- Assess the feasibility of further office amalgamations with other agricultural agencies, as opportunities arise.
- ★ Implement the new performance-based funding formula for agricultural societies.
- Support the department's responsibilities under the Freedom of Information and Protection of Privacy Act.

Fees and Charges:

- Further implement fees for selected departmental services, materials and programs where there is direct benefit to individual users.
- Evaluate fees for meat inspection in provincially-inspected meat processing plants, and implement increases (implementation, in part subject to federal decisions in this area).

Privatization, Outsourcing and Other Initiatives

- Explore, and where appropriate, develop opportunities to privatize specific services which are better handled in the private sector.
- Based on consultations with the industry, reduce support for the Poultry Research Chair at the University of Alberta and/or reduce poultry specialist support before the 1998-99 fiscal year.
- Phase out of providing market analysis and price forecasting information for agricultural commodities.
- ★ Subject to successful negotiations with federal and municipal governments, transfer the responsibility for provincial food inspection to the new national single food inspection agency.

Department of Agriculture, Food and Rural Development
Income Statement

($000)	1995-96 Actual	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Revenue[1]	**10,508**	**8,717**	**62,278**	**29,848**	**37,900**
Expense					
Department Operations	83,809	84,723	84,433	85,777	85,350
Amortization	4,183	3,922	3,726	3,673	3,718
Sub-Total	**87,992**	**88,645**	**88,159**	**89,450**	**89,068**
Major Funded Programs:					
Agra Value Added Initiative	--	34,944	--	--	--
Agricultural Service Boards	4,425	4,465	4,465	4,465	4,465
Red Meat Stabilization Transition	11,602	--	--	--	--
Specialty Crops Stabilization	1,544	740	--	--	--
NISA/Whole Farm Safety Transition	37,000	1,000	--	--	--
Farm Fuel Distribution Allowance	31,695	32,000	30,300	30,300	30,300
Transfers to Agencies:					
Farmers' Advocate	385	393	393	393	393
Surface Rights/Land Compensation Boards	1,834	1,892	1,848	1,498	1,498
Alberta Grain Commission	279	201	222	222	222
Irrigation Council	274	234	242	242	242
– Irrigation Rehabilitation	17,200	19,700	14,700	17,200	17,200
Agricultural Products Marketing Council	459	509	509	509	509
Alberta Dairy Control Board	162	139	139	139	139
Alberta Agricultural Research Institute	6,250	7,988	7,994	7,999	7,993
Agriculture Financial Services Corporation	163,512	148,901	152,388	141,359	140,334
Total Gross Expense	**364,613**	**341,751**	**301,359**	**293,776**	**292,363**
Loss (Gain) on Disposal of Capital Assets	61	--	--	--	--
Net Operating Expense	**354,166**	**333,034**	**239,081**	**263,928**	**254,463**

[1] Revenues of the department for 1997-97 to 1999-2000 include projections of amounts receivable under federal-provincial cost sharing agreements. Amounts receivable under the agreements will be affected by the decision of the federal government on January 7, 1997 to increase the number of commodities and to cover, what otherwise would have been, the provincial contribution to the Net Income Stabilization Accounts. As a result, annual consolidated revenues for 1997-98 to 1999-2000 may be overstated between $15 million to $25 million.

Agriculture, Food and Rural Development Revolving Fund
Income Statement

($000)	1995-96 Actual	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Revenue	11,652	10,443	9,175	9,150	8,200
Expense	10,936	10,331	9,475	9,475	7,800
Loss (Gain) on Disposal of Capital Assets	--	(299)	--	--	--
Net Operating Expense	**(716)**	**(411)**	**300**	**325**	**(400)**

Appendix 2 Agriculture Financial Services Corporation

Business Plan 1997-98 to 1999-2000

Table of Contents

Executive Summary 38

Corporate Environment 38
Pressures Impacting the Plan 38

Strategies by Business Activity 40
Crop Insurance 40
Hail Insurance 41
Commercial Financial Services 42
Beginning Farmer Program 43
Vendor Mortgage Plan 44
Alberta Farm Development Loans 45
Developing Farmer Loans
& Specific Guarantee Program 45
Wildlife and Waterfowl Damage Compensation . . . 46
Farm Income Disaster Program 47
Revenue Insurance Program 48
New Program Initiatives 49
Internal Initiatives 50

Financial Summary 51

Executive Summary

This plan is developed on the basis of AFSC's core businesses, other products offered and internal initiatives to be undertaken by the organization. Objectives are defined for each activity and the expected results to be achieved by 2000 are clearly outlined.

AFSC Board of Directors and Senior Management annually review long-term goals and describe a vision for the organization. In response to the direction, management develops a strategic business plan that, if successful in the medium-term, will move the organization closer to achieving its desired direction and mission in the long-term.

Monitoring of results is tracked by the indicators listed for various business activities. In terms of Government Measures outlined in "Measuring Up", AFSC programs and services result in improvements in Albertan's:

- *average family income distribution*
- *per capita gross domestic product*
- *jobs creation*

These benefits are in addition to the efficiency and effectiveness expected of proper stewardship of public resources.

AFSC's goals and activities contribute to Ministry goals. Primary focus is on Goal #5 - *increased responsibility of industry to manage risk*. Lending programs help beginning farmers and developing agribusiness customers manage their financial risk through stable long-term financing and financial advice. Insurance programs are management tools to offset inherent production and income risks. As well, Goals #2, #3 and #4 capture the essence of AFSC activities directed at new and developing agribusiness and food processors.

Corporate Environment

Pressures Impacting the Plan

- Industry drive to increase primary and value-added production.

  To meet provincial goals of $9-10 billion in primary production and $20 billion in value-added processing by 2005, Alberta must attract significant capital investment to support viable opportunities. This will pressure the Corporation's lending programs.

- Provincial desire to reduce taxes and enhance the Alberta Advantage.

  Creating a business environment for new investment should result in increased economic activity. Infrastructure development, reduced taxation levels and regulatory reform are key elements of the Alberta Advantage.

- Increasing research investment to encourage global competitiveness.

  Rapidly changing technology and biotechnology suggest opportunities and risks for the industry. This requires capital for original and adaptive research as well as demonstrations of the latest information. Making research spending a priority puts pressure on spending for other purposes.

- Importance of rural development to the economic health of the Alberta economy.

  From farmgate production, to the retail food shelf, agriculture is a key contributor to urban jobs and economic activity. To maintain public support, AFSC needs to express the value of its programs and services to both rural and urban citizens.

- Changes in Federal transfer payments and program funding.

  For Alberta priorities this may require a provincial allocation to maintain service or a reduction in programs or services provided.

- Albertan's expect selective reinvestment now the provincial books are balanced.

  Farmers are looking for more value in the crop insurance program which may put pressure on the Corporation's budget.

Strategies by Business Activity

Crop Insurance

Objectives:
1. *to provide a program that is responsive to our customers' business needs.*
2. *to provide publicly funded production protection against natural perils which reduces financial risk and minimizes production distortion.*

Expected Results:	Indicators:
- Have a solid participation base. - Customers have a better understanding of the program. - Recognition by customers that insurance is a "risk management" tool. - Reduce annual financial variability due to production shortfalls. - Eliminate need to respond to ad hoc financial assistance requests for weather related perils.	- Number and type of questions asked. - Provincial income variability caused by weather. - Acres covered over time and number of contracts. - Number of requests for assistance.

Strategies:

- Offer coverage that reflects normal production capability.
- Develop and evaluate new coverage concepts, which would allow customers to customize crop insurance to their business needs.
- Provide timely information about program changes.
- Develop the capability to cover new and developing crops.
- Promote risk management strategies as a component of successful farm business management.
- Investigate alternatives for reducing farmers' premiums.

Hail Insurance

Objective: *to provide a long-term participant-funded program available for all Alberta farmers in all areas of the province on all crops in any year to offset economic loss from hail damage.*

Expected Results:	Indicators:
- Higher value crops grown in Alberta. - Variability of farm cashflow is reduced. - Hail insurance compensates for risk of crop production in certain areas. - Improved relationship with other insurers.	- Changes in value and volume of crops grown in Alberta. - Changes in location of speciality crop production.

Strategies:

- Examine full market value coverage option.
- Apply technology to delivery of hail insurance.
- Maintain open communication with other hail insurers and other stakeholders.

Commercial Financial Services

Objective: *to provide unique financial services that assist development of value-added businesses in the agri-food industry and rural areas.*

Expected Results:	Indicators:
- Expanded markets for primary producers. - Increased investment and employment in the Alberta agri-food processing industry and in rural areas. - Improved export earnings and reduced processed food imports. - More sources of investment capital for Alberta-based agribusiness.	- Volume of farm production processed within Alberta. - Value of increased investment in processing sector. - Number of jobs created in processing sector. - Value of shipments of processed food products.

Strategies:

- Encourage value-added processing and product diversification to meet market opportunities.
- Facilitate access to capital pools for expansion oriented value-added processors and farm operators.
- Develop strategic alliances to expand primary production opportunities.
- Develop strategic alliances to deliver agricultural financial services.
- Expand market expertise and investment knowledge of Commercial Financial Services group.
- Determine impact of Commercial Financial Services on the agri-food industry in Alberta.
- Develop a corporate marketing plan for Commercial Financial Services.
- Continue to develop unique and specialized products and services tailored to customer needs.

Beginning Farmer Program

Objective: *to help beginning farmers develop viable farm businesses.*

Expected Results:	Indicators:
- New entrants into agriculture. - Beginning farmers that stay farming and develop viable farm businesses.	- Number and age of new borrowers. - Percentage of portfolio receiving incentive that are current. - Number of viable farm businesses in portfolio.

Strategies:

- Evaluate beginning farmer program and tailor beginning farmer products and services to customer needs.
- Increase industry awareness of beginning farmer loan program.
- Assist beginning farmers through the "phases of farming" transition.
- Determine impact of beginning farmer program in Alberta.
- Improve farm business management skills.
- Expand FCC/AFSC farm lending alliance.

Vendor Mortgage Plan

Objectives:
1. *to promote an alternative source of long-term capital with reasonable and flexible terms.*
2. *to retain vendors' capital investment in agriculture.*

Expected Results:	Indicators:
- New entrants into agriculture. - Better record of loan repayments compared to direct lending program. - Lower cost to AFSC and borrower than other direct lending programs. - Beginning farmers who stay farming and successfully develop viable farm businesses. - Vendors receive good agriculture investment opportunities.	- Comparison of portfolio performance of vendor mortgage and beginning farmer loans. - Cost of vendor mortgage administration. - Percentage of portfolio receiving incentive that are current.

Strategies:

- Improved product awareness as part of estate planning process.
- Investigate RRSP eligibility for vendor mortgage agreements.
- Investigate joint programming and/or delivery with FCC's Family Farm Loan Program.

Alberta Farm Development Loans

Objective: *to provide farmers credit access under reasonable terms and conditions, through commercial lenders.*

Expected Results:	Indicators:
- Viable farms with reasonable access to credit. - Consistent participation by banks in financing farming operations. - High level of loan repayment.	- Level of participation by private sector financial institutions. - Performance of AFDL loans compared to direct lending portfolio.

Strategies:

- Promote AFDL's awareness and understanding to farm community and eligible financial institutions.
- Develop an annual review of program guidelines and program effectiveness.
- Investigate cooperation with FIMCLA (FIL administration).

Developing Farmer Loans & Specific Guarantee Program

Objective: *to provide access to credit for farmers who are unable to obtain credit on reasonable terms.*

Expected Results:	Indicators:
- Loan recipients are able to maintain/regain or develop farm viability.	- Length of time developing farmer loans are in portfolio.

Strategy:

- Position developing farmer and specific guarantee programs as financing that fills a "gap" in agri-financial service marketplace.

Wildlife and Waterfowl Damage Compensation

Objective: *to provide compensation to Alberta farmers for economic loss caused by wildlife and waterfowl damage.*

Expected Results:	Indicators:
- Minimum negative reaction to government support for wildlife habitat among farming community. - Achieve understanding of program objectives by AFSC, Ducks Unlimited, Environment and our customers.	- Questions and comments raised about the program. - Reported losses paid and not paid. - Geographic location of claims. - Value and number of claims paid.

Strategies:

- Review differences between policy holders and non-policy holders.
- Arrange meetings of AFRD, AFSC, Ducks Unlimited and Environment to get a better understanding of each other's programs related to wildlife.
- Implement and communicate program changes resulting from the National Crop Insurance Review.
- Communicate program results each year.
- Review the Wildlife Damage claim system.

Farm Income Disaster Program

Objective: *provide a measure of stability for Alberta farmers when there is an extreme reduction in their farm margins.*

Expected Results:	Indicators:
- Increased farm margins on affected farms. - No successful trade action under WTO or US trade law. - Eliminate other direct government program payments to Alberta farmers over time. - Resource use driven by market signals. - Increased use of other risk management tools.	- Results of industry consultation. - Number of eligible participants that declare bankruptcy - FIDP payments as a percent of gross and net farm cash receipts. - Percent of total farming industry who benefit. - Average FIDP payment per farmer. - Percent of farmers below 70% gross margin.

Strategies:

- Develop evaluation framework and use results to adjust program design and delivery.
- Establish audit methodology.
- Establish reporting system for FIDP statistics.
- Develop link with NISA for program payments.
- Evaluate impact of FIDP on crop insurance.
- Increase FIDP awareness and the use of other risk management strategies by farmers.
- Develop a timely and accurate forecasting methodology.

Revenue Insurance Program

Objective: *to wind up program after the 1995/96 crop year, with final payments concluded by March 31, 1997.*

Expected Results:	Indicators:
- Smooth and orderly transition out of program. - Minimal customer dissatisfaction with program termination.	- Number of participants remaining in the program. - Questions and concerns raised about the program termination.

Strategies:

- Complete collection of outstanding revenue insurance accounts.
- Communicate final revenue insurance results.
- Develop a distribution plan for the use of program surplus.
- Finalize outstanding claims.

New Program Initiatives

Objectives:

1. *develop capability to react to provincial needs in a timely manner.*
2. *develop provincially-sponsored initiatives.*
3. *avoid ad hoc responses to production and market-related problems.*

Expected Results:	Indicators:
- Timely, responsive programs supporting the agri-food industry in Alberta. - Timely programs focused on the needs of Alberta farmers.	- Number of requests for ad hoc response.

Strategies:

- Develop the willingness and capability to accept provincial responsibility for risk management initiatives.
- When appropriate, encourage re-insurance coverage for new insurance initiatives.
- Consider different funding options for cost-shared programming with the federal government.
- Develop coverage rates for different spot loss perils.
- Facilitate rural development by working with communities and businesses, as well as AFRD and the federal government.
- Develop an evaluation methodology for any new programs.
- Develop a public consultation process to determine programming needs.
- Clearly communicate reality of budget constraints.

Internal Initiatives

Objectives:
1. *practice prudent fiscal responsibility.*
2. *improve customer service and satisfaction.*
3. *communicate our successes.*

Expected Results:	Indicators:
- Reduction in administrative component of total costs. - Improved internal and external customer satisfaction. - Ability to identify savings to fund future growth. - Improved public image.	- Administration expenses as a percentage of total cost. - Annual ratings from customer service focus groups. - Compare administration costs to other agencies. - Degree of name and product recognition by industry and potential customers.

Strategies:

- Complete AFRD/AFSC alliance in first-stop service centres.
- Identify positive achievements.
- Improve staff efficiency through training.
- Develop a communication plan emphasizing customer successes.
- Fund new program administration with net cost savings from current program administration.
- Sell the idea of creating "funds or reserves" to level out indemnity costs over good and bad years.
- Expand joint administrative functions with other agencies.
- Expand delegation of authority to more staff.
- Continue updating procedures relative to environmental protection legislation.
- Improve portfolio management.
- Explore new technology to reduce administration cost.
- Evaluate efficiencies of major existing information technology systems.
- Explore technology use to improve customer service (POST, Internet communication).
- Sell organizational knowledge and data.
- Plan for 1999 "Sunset clause".
- Develop a human resource plan, ensuring a committed, knowledgeable, enthusiastic workforce.
- Develop an information technology (IT) plan.
- Complete ongoing policy reviews.

AGRICULTURE FINANCIAL SERVICES CORPORATION
Provincial Share of Operating Costs Funded by the Province of Alberta

($000)	1995-96 Actual	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Crop Insurance Program	36,423	37,175	67,157	59,439	59,439
Revenue Insurance Program	2,835	250	--	--	--
Farm Income Disaster Program	91,282	79,224	66,061	64,180	64,180
Wildlife Damage Program	773	7,008	1,425	1,422	1,422
Lending Programs	32,199	25,244	17,745	16,318	15,293
Disaster Assistance Program[1]	20,861	--	--	--	--
Total Funding from the General Revenue Fund	**184,373**	**148,901**	**152,388**	**141,359**	**140,334**
Less: Recoveries by the Province	4,558	--	--	--	--
Total Transfer From the Province	**179,815**	**148,901**	**152,388**	**141,359**	**140,334**

[1] Up to 1996-97, funding of the Disaster Assistance program was provided by Transportation and Utilities. Figures included for 1995-96 are presented for comparison.

AGRICULTURE FINANCIAL SERVICES CORPORATION
Income Statement

($000)	1995-96 Actual	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Revenue					
Crop and Hail Insurance Premiums	73,299	88,204	86,000	85,150	83,150
Other Premiums, Fees and Licenses	1,660	2,630	2,944	2,718	2,725
Interest	70,826	70,251	71,537	70,836	69,725
Transfers from Province	179,815	148,901	152,388	141,359	140,334
Contribution from Government of Canada	31,529	49,410	64,555	56,698	56,564
Investment Income	14,701	18,440	6,000	6,000	6,000
Amortization of Loan Discounts	8,801	12,307	4,625	3,964	3,073
Total Revenue	**380,631**	**390,143**	**388,049**	**366,725**	**361,571**
Expense					
Indemnities	164,775	204,000	233,269	237,244	237,244
Interest	84,645	74,031	67,997	65,205	63,221
Hail Reinsurance	0	600	500	500	500
Reinsurance – Province of Alberta	16,013	18,360	12,180	12,649	12,649
Reinsurance – Federal Government	16,012	18,360	24,360	25,297	25,298
Disaster Assistance Interest Benefits	16,321	--	--	--	--
Farm Loan Incentive	8,057	8,315	8,738	9,224	9,649
Administration Expense	31,129	32,022	31,177	30,694	30,723
Provision for Losses on Properties for Sale and Other Assets	(507)	--	--	--	--
Provision for Losses on Loans and Guarantees	(9,670)	(2,000)	2,000	2,000	1,200
Total Expense	**326,775**	**353,688**	**380,221**	**382,813**	**380,484**
Net Expense	**(53,856)**	**(36,455)**	**(7,828)**	**16,088**	**18,913**
Deficit (Surplus) at beginning of year	(33,035)	(86,891)	(123,346)	(131,174)	(115,086)
Deficit (Surplus) at end of year	(86,891)	(123,346)	(131,174)	(115,086)	(96,173)

Appendix 3 Alberta Agricultural Research Institute

Business Plan 1997-98 to 1999-2000

Table of Contents

Executive Summary 54

Introduction 55

Mandate and Mission 55

Long Range Strategic Direction 55

Goals, Strategies and Programs 56

Performance Measures 57

Socio-Economic Benefits Expected 58

New Initiative for Value-Added Processing Research 59

Financial Plan 61

Implementation 62

Executive Summary

- The Alberta Agricultural Research Institute (AARI) is a provincial corporation. Its mission is to enhance the contribution of the agriculture and food industry to Albertans through research and technology transfer.

- AARI accomplishes its mission by coordinating and funding research conducted in the private sector, the universities and government research centres. The projects supported by AARI complement and expand the research conducted internally by the Ministry of Agriculture, Food and Rural Development.

- Research is important to the pursuit of Ministry goals. The activities of AARI contribute primarily to the achievement of Ministry goals 2, 3, 4, 6 and 7. Within the broad Ministry goals, AARI has set more specific goals. They are:

    - To maximize the effectiveness of investment in research by strengthening coordination, partnerships and cooperation.
    - To improve industry competitiveness, profitability and sustainability by promoting and funding agriculture and food research.
    - To encourage the application of research results.

- AARI's business plan[1] is closely linked to the Department of Agriculture, Food and Rural Development's Research Business Plan and the overall Ministry Business Plan. During the current plan period (1997-2000), AARI plans to invest an average of $10 million per year in research and technology transfer efforts that will benefit Alberta. Part of this budget ($2.3 million) is committed to funding joint research in the areas of integrated pest management, soil, water and air quality aspects that relate to agriculture and food, and the environmental impact of non-agricultural industries on agriculture at Alberta Research Council-Vegreville.

- AARI will continue to emphasize joint funding of projects with the private sector through matching grants. It will cooperate with the proposed Agra Value Added Corporation in putting new and expanded emphasis on value-added processing research.

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[1] A copy of the detailed AARI business plan submitted to the Alberta Science and Research Authority can be obtained from the Research Division, Alberta Department of Agriculture, Food and Rural Development (Phone 403/427-1956).

- The expected results of AARI's investment in research are knowledge and technology advances that can be used to improve agricultural processing methods, crop and livestock production practices, and the management of soil and water resources. These improvements will strengthen the agriculture and food industry and increase its contribution to the well-being and prosperity of Albertans.

Introduction

AARI is a provincial corporation whose function is to broaden the Ministry's capability to meet the wide ranging research and technology needs of the agriculture and food industry. It carries out this function by coordinating and funding research conducted in the private sector, the universities and government research centres.

The agriculture and food industry is a vital part of the Alberta economy. In 1995, the industry provided employment for 113,400 Albertans and the annual economic activity generated by the industry was estimated at $11.8 billion. However, Alberta's geographic location, agro-climatic conditions and changes in market forces create continuous challenges for the industry. Scientific research has enabled the industry to meet past challenges. Research will continue to contribute to the industry's future gains.

Mandate and Mission

AARI's mission is to enhance the contributions of the agriculture and food industry to Albertans through research and technology transfer. This mission is consistent with the mission of the Ministry of Agriculture, Food and Rural Development. AARI plays an important role in the pursuit of Ministry goals.

Long Range Strategic Direction

The long range strategic direction of AARI is to support research that will increase the agriculture and food industry's ability to respond quickly to the changing opportunities of the global market and serve Albertans as an enduring source of prosperity. To this end, AARI will promote the development of leading-edge research results that will enhance the industry's capacity to produce, under environmentally-sound practices, the high quality food and fibre output Albertans and other customers demand. AARI's specific long range strategy is to:

- strengthen the agriculture and food research network in Alberta through coordination,

- fund research of greatest potential benefit to Albertans, with specific emphasis on innovative projects aimed at:
  - increasing the global competitiveness and profitability of the agriculture and food industry,
  - improving the environmental sustainability of agricultural production and processing,
  - developing new commodities and value-added products that further diversify the industry, and
  - generating scientific information and technology that will contribute to the industry's ability to achieve a $10 billion a year primary production sector and a $20 billion annual output in value-added processing by 2005.

Goals, Strategies and Programs

To achieve its mission, AARI has established three specific goals. These goals are consistent with the Ministry goals, particularly goals 2, 3, 4, 6 and 7. Outlined below are the AARI goals and the strategies and programs designed to achieve the goals.

1. Maximize the effectiveness of investment in research by strengthening coordination, partnerships and cooperation.

   1.1 Strategies
   a. Provide a forum for agriculture and food research coordination and cooperation.
   b. Examine future options, formulate visions and set long-term directions to stay on the leading edge of agriculture and food research.

   1.2 Programs to Implement the Strategies
   a. **Focus on Research Opportunities Program**
   b. **Research Coordination Program**

2. Improve industry competitiveness, profitability and sustainability by promoting and funding agriculture and food research.

   2.1 Strategies
   a. Attract creative ideas and research proposals for improving the industry from the widest possible sources, including the private sector, academic institutions and public sector organizations.
   b. Select and fund the research proposals that offer the greatest potential economic and environmental benefits to Albertans.
   c. Encourage greater private sector support for research.

d. Strengthen research in value-added processing, diversification and strategic technologies in cooperation with partners.

2.2 Programs to Implement the Strategies

a. **Farming for the Future Matching Grants Program**
b. **Farming for the Future Direct Funding Program**
c. **Beef Industry Development Fund - Research Component**
d. **Externally Funded Research Program**
e. **Alberta Research Council - Vegreville Funding for Agriculture Related Programs**

These programs will fund research projects in processing development, livestock production, crop production and soil and water resources.

3. Encourage the application of research results.

3.1 Strategies

a. Provide the results of research to agriculture, food and rural development specialists, as well as to producers, processors, consumers and others through reports, articles, publications, conferences and by electronic means.
b. Support demonstration projects.

3.2 Programs to Implement the Strategies

a. **Information Dissemination Program**
b. **Farming for the Future On-Farm Demonstration Program**

Performance Measures

AARI is expected to support over 300 research and demonstration projects annually over the period 1997 to 2000. The performance of each project will be measured annually against the objectives set for the year. A project review process is in place to ensure that the projects funded are of high quality relate to top priority areas and are meeting their objectives. A number of results are expected from these projects and the broader AARI activities. The expected Key Results are:

1. Effective coordination and cooperation in agriculture and food research.

Indicators

- Number of collaborative research projects.
- Responses from Focus on Research Opportunities workshop participants.

2. Knowledge and technology advances in:
   - Processing development,
   - Livestock development,
   - Crop development, and
   - Soil and water use efficiency, conservation and management.

   Indicators
   - Number of projects funded in each category.
   - Number of final reports received in each category.

3. Dissemination of research.

   Indicators
   - Project reports made available to appropriate specialists.
   - Abstracts of project reports placed on AGRIS computerized database.
   - Research results presented at appropriate conferences/meetings.

4. Contributions to making agriculture more environmentally sustainable.

   Indicator
   - Identification of project results that enhance environmental sustainability.

5. High returns to the provincial economy from research and demonstration projects.

   Indicator
   - Significant returns to the economy shown by periodic evaluation of impact on industry.

Socio-Economic Benefits Expected

The expected direct and indirect socio-economic benefits resulting from AARI projects are expected to be significant. An economic evaluation of past research and demonstration projects funded by AARI has shown that the projects have the potential to make substantial contributions to the provincial economy. It is expected that a significant return will be realized by the provincial economy from the funds invested by AARI in research and technology transfer.

The performance of individual projects funded by AARI will be measured/assessed in three stages:

1. Annual progress evaluation to ensure that annual objectives are met.
2. Final report evaluation to confirm achievement of expected results.
3. Assessment of impact on industry and the provincial economy at appropriate intervals.

The third and final performance appraisal is done after sufficient time has been allowed for the dissemination of the results and adoption by industry. AARI sponsors economic impact assessments of completed projects in 3 to 5 year intervals. The last such assessment was done in 1992 and showed an average return of $60 for every dollar invested in the projects evaluated.

The large majority of the results will remain in the public domain and will be disseminated to farmers and processors through a variety of ways. Technology demonstrations, publications, conferences, electronic bulletin boards and the Internet will be used to disseminate the information. The hard technologies, such as new seeds, may be marketed through agreements with commercial distributors. The industry has the financial capacity to implement or further commercialize the results that emerge from AARI-funded projects. The majority of the projects are, in fact, funded jointly with the private sector.

The annual performance of the agriculture and food industry will also be tracked as a proxy indicator of the impact of research and technology. The following industry performance indicators will be followed:

- changes in annual provincial farm cash receipts,
- changes in annual value of food and beverage industry shipments, and
- changes in annual value of agriculture and food exports.

New Initiative for Value-Added Processing Research

Value-added processing refers to the upgrading of primary agricultural commodities to enhance their use or extract higher value components from them. The resulting products could have both food and non-food uses. In either case, the price of the final product can be very high. To illustrate, a tonne (1,000 kilograms) of oats was worth about $190 in the Edmonton area in the spring of 1996 whereas an ingredient extracted from oats, such as beta glucan, may fetch over $2,500 per kilogram. In a sense then, value-added processing is a way of "***mining gold from the farm gate***"!

The opportunity to develop highly valuable products from agricultural raw materials largely remains untapped in Alberta. AARI is committed to expanding support for scientific research and technology transfer that will foster the processing, extraction and commercialization of nutrients from this potential source of wealth.

The proposed initiative is designed to stimulate, support and promote research into the processing and upgrading of farm commodities. The initiative will be implemented in cooperation with the Agra Value Added Corporation.

Under the initiative, financial support may be provided for research and technology demonstration projects. The projects may be conducted at private sector organizations, post-secondary institutions and government research centres. The new investment will augment and strengthen the current value-added research network in Alberta.

Financial Plan

The following table shows the revenue and expenditure summaries of AARI.

Alberta Agricultural Research Institute
Revenue and Expenditure Summary

($000)	1995-96 Actual	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Revenue:					
[1]Transfers from the Province	6,407	7,988	7,994	7,999	7,993
[2]Earned Revenue	280	252	248	248	225
[3]Contracts	1,638	2,053	2,140	2,140	440
Total Revenue	8,325	10,293	10,382	10,387	8,658
Expenditure:					
Research:					
Farming for the Future Matching Grants	3,000	3,035	3,424	3,400	3,400
Farming for the Future Direct Funding	2,156	1,693	1,500	1,500	1,500
Alberta Research Council - Vegreville	--	2,300	2,300	2,300	2,300
Other Programs	704	182	110	36	30
Technology Transfer:					
Farming for the Future On-Farm Demonstration	563	600	700	700	700
Research Information	40	40	60	40	40
Administration	353	400	400	400	400
Pension Liability	7	25	25	25	25
[3]Contracts	1,638	2,053	2,140	2,140	440
Total Expenditure	8,461	10,328	10,659	10,541	8,835
[4]Revenue over Expenditure	(136)	(35)	(277)	(154)	(177)
Unexpended Funds at Beginning of Year	1,348	1,212	1,177	900	746
Unexpended Funds at End of Year	1,212	1,177	900	746	569

1 Includes the Alberta Research Council-Vegreville for agriculture and food related research programs.

2 Earned Revenue = interest and fees earned.

3 Contracts consist of two categories:

a) External funds received from sponsors for specific research. Expenditures are made according to each contract with the sponsor. Revenue equals expenditure and unused funds are returned to the sponsor.

b) Royalty revenue which is restricted for use in the program generating the benefit. The revenue is deferred until a program expenditure is made.

4 Unexpended funds are applied to deficiency of revenue over expenditure.

To keep AARI's strategic direction and actions consistent with the financial resources available, the following adjustments will be made during the current plan period:

- Funding of four research professorships will be discontinued.
- Co-funding of the National Agricultural Biotechnology Initiative (NABI) projects will be discontinued as projects are completed.
- The reserve funds will continue to be expended.

Implementation Plan

AARI's strategic direction will be implemented in a manner that will protect its core services and keep its investment in research within the resources available to it.

AARI's commitment to research coordination will be maintained. The two programs that have the strongest impact on coordination and cooperation, the Focus on Research Opportunities Program and the Research Coordination Program, will remain, with appropriate modification if necessary.

Efforts will continue to encourage private sector support for research. Since AARI funds research in private sector research facilities, universities and government research centres, industry can access the expertise and facilities available at these organizations. The research organizations can also benefit from the increased joint funding of research projects. Collaborations, partnerships and alliances will be encouraged through mutually beneficial relationships.

It is recognized that the significantly increased number of matching grants projects has increased the workload on staff. Internal efficiency and productivity will continue to be emphasized.

Appendix 4 Alberta Dairy Control Board

Business Plan 1997-98 to 1999-2000

Executive Summary

The Dairy Board Act sets out the regulatory powers of the board to: "control and regulate the sale of milk in Alberta."

Alberta has 1,100 dairy producers. The gross value of raw milk is $340 million annually. The dairy industry has a positive impact on the service industry. The sale of dairy animals contribute 8-10 percent of the overall Alberta beef industry. Alberta has 20 dairy processing plants, owned and operated by 13 companies. The wholesale value of processed dairy products total $690 million, more than double the value of raw milk. All Alberta produced milk is further processed in Alberta.

Board revenue is received as follows: 55% by producers, 27% by processors and 18% in the form of an Alberta Government grant.

Alberta is a member of the National Milk Marketing Plan and is represented at the Canadian Milk Supply Management Committee meetings by the Board Chairman and two industry representatives. Currently, Alberta is the third largest dairy province, currently holding 6.3% of the Canadian industrial milk quota. This represents a shortfall of production potential compared to our population.

Interprovincial trade barriers between Saskatchewan, Alberta and British Columbia have been removed. Alberta processed fluid milk is being sold in British Columbia and Saskatchewan. The Board has been instrumental in facilitating interprovincial trade.

Other organizations rely on the Board's audit function to verify data accuracy. The audit function also ensures accurate producer payment. Agencies such as Statistics Canada and the Canadian Dairy Commission use information provided by the Dairy Board, eliminating duplication and improving information gathering efficiency.

A Provincial Milk Equalization payment system is operated by the Board. This procedure depends on a high level of cooperation between processors and the Board. Very tight time lines are maintained to equalize $27 million in monthly payments between processors who, in turn, make payments to producers.

The Board provides the registry for all quota records in Alberta. The Board administers quota transfers that often involve lender security, assignment of producers to specific processors for payment, and collection of levies as the agent for the Canadian Dairy Commission.

Producers and processors also benefit from management extension services offered by Board staff.

Foundation

Mandate

Ensure an adequate supply of safe quality dairy products are available to consumers at reasonable prices by ensuring that policies and services support a profitable, competitive market-driven Alberta dairy industry.

Roles and Responsibilities

The Alberta Dairy Control Board is in the business of agriculture and food industry development. Orderly application of matching production to consumer demand ensures a stable market and stable price. The Board acts as the industry referee by providing an appeal mechanism for producers, processors, consumers and government. Development of policies in consultation with industry fosters a competitive market-driven dairy industry and encourages value-added processing in Alberta.

Dairy farmers, processors, consumers, lending institutions, milk haulers, distributors, food retailers, provincial government departments, federal government departments and agencies and educational research institutions are clients of the Board.

Industry Needs and Opportunities

Alberta processors process 100 percent of the raw milk and cream produced in the province. The farm gate value is $340 million, the wholesale value of processed dairy products exceeds $690 million. Competitive forces within Canada challenge the industry to process products that are in higher consumer demand. Alberta has many natural advantages for expanded production and value-added processing.

Alberta producers are among the most efficient in Canada. Average herd size and production per cow is nearly the highest in the country, comparable only with British Columbia.

Alberta has a disproportionately smaller share of the national quota for industrial milk compared to our population. Moderate growth opportunities exist if we are successful in negotiating more market share quota for Alberta producers.

Processor efficiency suffers from lack of scale and increased distribution cost in comparison to Ontario and Quebec processors. We must encourage increased plant through-put and ensure processing and distribution costs are not unnecessarily increased by demands of government.

Producers benefit from an independent agency that has access to client confidential records to ensure accurate and timely payment.

The Board will continue to strive to simplify the quota administration and reduce cost to industry.

Additional market opportunities exist for producers and processors. Increased market access has been negotiated under GATT. An Optional Export Program is now available for producers and processors without the constraints of the quota system. A system of pooling special class market returns will replace the majority of the levy system.

Programs and Services

The Dairy Control Board acts as the industry referee. Alberta is unique in Canada in that we have an operating structure that brings producers and processors together on a routine basis to discuss industry issues and make recommendations to the Dairy Control Board. By performing this role, we will minimize the conflict and turmoil experienced in other provinces.

The Board provides an appropriate appeal mechanism for producers, processors, consumers and government. With strong enabling legislation, the Board can provide services which limit unnecessary legal costs and court challenges.

Interprovincial trade is important to Alberta. The Board must assist in facilitating complete removal of all interprovincial trade barriers for milk and milk products.

To ensure accurate producer returns, processor records are audited. Board staff provide technical assistance to producers and processors on payment procedures. In addition, the Board offers liaison with the Canadian Dairy Commission respecting payment, special class pooling and levy deductions.

A market-responsive dairy industry will be competitive. Deregulation that stimulates a more competitive market-driven industry while providing an orderly transition period is a goal. The deregulation process must continue. Change can be managed to prevent short-term economic disruptions.

The board provides service to the industry by calculating producer payment through a price equalization pool.

The Board sets the farm gate price of industrial milk. In addition, the Board administers the producer price and the wholesale price of milk as set by the Energy and Utilities Board under authority of the Dairy Board Act.

Milk allocation to processors to achieve the highest possible producer returns from the highest value-added processing is a Board responsibility.

The Board is responsible for issuing fluid quota (liquid milk) and market share quota (industrial) to producers. As part of the service, the Board maintains a registry of licensed producers, quota allotments, security documents on behalf of producers and lenders, collects data and supplies statistics to the Canadian Dairy Commission, Statistics Canada, Alberta government agencies and the dairy industry.

Regional pooling, quota movement and administration is a long-term goal.

Measurable Results

Industry referee - all issues are addressed immediately, with courtesy and with widest possible input to arrive at a fair and reasonable resolution.

Appeal board - all appeals are received in writing and are reviewed by the Board at the earliest date the information is available. Personal appearances before the Board are available.

Interprovincial trade - all restrictions on the movement of milk or milk products out of Alberta have been removed. Processors pay the appropriate Alberta class price. Any processor who wants to move product in or out of Alberta receives complete cooperation, providing accurate accounting for the product is maintained. Regional pooling, quota movement and administration is a long-term goal.

Audit - processor and producer records are examined in sufficient detail and any necessary adjustments are made to achieve accurate payment.

Deregulation - opportunities to further deregulate aspects of the dairy industry will be pursued. Preparing the industry for more global trade requires simplification of regulations.

Producer payment - all producers are accurately paid.

Milk pricing - adjustments are made to the price of industrial milk to provide adequate producer return and keep the Alberta further processing industry competitive.

Milk allocation - the cascading demand principle be implemented in a manner that generates the highest possible producer returns.

Quota administration - respond to market demand by allotting quota in sufficient quantities to bring about an adequate supply of fresh milk to meet consumer demand.

Operations

The Board is composed of five members appointed by the Lieutenant Governor in Council. Policy Committee made up of key industry and government personnel provides advice to the Board on policy issues.

Alberta is a member of the National Milk Marketing plan; the Chairman of the Dairy Control Board is one signatory. Through the Canadian Milk Supply Management Committee, the Board provides input to the Canadian Dairy Commission on policy matters affecting the Alberta dairy industry.

An administrative staff complement of 10 is employed to carry out Board policies and procedures. Staff expertise includes an auditor, business analyst, quota systems personnel, key punch and administrative support. In-house computer capability that maintains quota, and shipment data, receives and disperses electronic data with outside agencies with Internet capabilities, will meet industry needs for several years.

Financial Plan

Alberta Dairy Control Board
Revenue and Expenditure Summary

($000)	1995-96 Actual	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Revenue					
Transfers from the Province	162	139	139	139	139
Producer Assessments	424	665	418	418	418
Processor Assessments	212	203	209	209	209
Total Revenue	**798**	**1,007**	**766**	**766**	**766**
Expenditure					
Dairy Board Operations	766	1,159	750	750	750
Total Expenditures	**766**	**1,159**	**750**	**750**	**750**
Net Surplus (Expenditure)	**32**	**(152)**	**16**	**16**	**16**

Note: A deficit budget for 1996-97 is financed from Board reserves to cover unexpected costs associated with an ongoing investigation of producers and processors operating without licences and additional computer purchases associated with audit activities.

Implementation, Action or Work Plans

The Board must maintain an impartial, open approach that permits producers, processors, consumers and government to have issues reviewed and resolved in a cost-effective manner.

Policies that encourage and capture growth opportunities must be developed. Maintaining and increasing production and value-added processing is a priority. Assisting organizations who are seeking markets beyond provincial boundaries is also key.

Information gathering and data transfer must be accurate and timely. Statistics Canada, Agriculture Canada, Canadian Dairy Commission and AFRD depend on the integrity of the Board's data. Audit procedures are necessary to verify data for statistical uses, as well as accurate producer payment.

The deregulation process must continue to promote a competitive market-driven dairy industry. Short-term industry and price stability must not be sacrificed for the sake of deregulation and change. Supply management has proven to be an effective tool in ensuring consumers receive a quality product on a continual basis at stable prices. Industry investment in production and processing facilities is indicative of the stability brought about by supply management.

The Dairy Control Board is currently 82% industry-financed. Complete self sufficiency is a reasonable longer-term goal, providing appropriate enabling legislation is in place. Consistency in terms of cost recovery compared to other agriculture sectors is a reasonable goal.

Calculation of producer payment through a price equalization pool is a key function of the Board. It is a reasonable goal to create a regional or western Canadian system.

Alberta is in a position to provide proactive leadership to the western Canadian dairy industry. Managing change is essential. Using the existing resources and expertise, the Board can service the needs of producers, processors, consumers and government in meeting future challenges.

A short-term project aimed at bringing illegal milk producers and processors within the law is a priority. This will be a joint venture with the Canadian Dairy Commission, Agriculture Canada and Alberta Agriculture, Food and Rural Development.

Appendix 5 Farmers' Advocate and Farm Implement Act Administration

Business Plan 1997-98 to 1999-2000

Executive Summary

It is important that those involved in agriculture be offered every opportunity to avail themselves of the Alberta Advantage.

The Office of the Farmers' Advocate will continue to act as an independent source of information and provide mediation covering all concerns raised by rural Albertans relating to agriculture or outside influences affecting their property.

Several amendments to the regulations under the Alberta Farm Implement Act, respecting harmonization, have been completed and legislated. Any further amendments will require opening the Act up for a complete review, which is tentatively scheduled for 1998.

This office will continue to liaise with all stakeholder groups including Provincial and Municipal Governments to assure that those involved in agriculture have access to the information necessary to improve their competitive advantage.

Introduction

The agriculture industry in Alberta finds itself immersed in a rapidly changing world. The rural community has to adapt to new methods of doing business in a fiercely competitive marketplace. Information and technology changes occur daily. The traditional role of government is also changing. All these factors place pressure on farmers, ranchers, and landowners in rural Alberta. Growth in Alberta's agriculture sector is also expected to continue to expand well into the 21st century. It follows that increased demand will be made on the Office of the Farmers' Advocate.

The Farmers' Advocate supports all the Ministry goals, identifying more closely with Goals #2, #4 and #6. Through the administration of the Farm Implement Act and its related regulations, Ministry Goals #2 and #4 are met by working with industry and farmers to improve industry service, quality and cost competitiveness together with increasing the diversity of industry commodities, products and services. Utmost

effort is made to keep both new and old machinery working longer and more efficiently, as well as supplying information on the latest trends and practices in agriculture. In addition, the Farmers' Advocate Office is attempting to fulfill Goal #6 by providing input to stakeholder groups and individual farmers on issues that will improve the stewardship of natural resources for agriculture, industry and public benefit. Some of these issues involve surface disturbance and subsequent reclamation of well sites, pipelines, abandoned railways, gravel sites and roadways.

Nature of the Farmers' Advocate

From the time of its inception some 20 years ago, the Farmers' Advocate has fulfilled a promise made by the provincial government to provide information on topics of interest and concern to rural Albertans, as well as a mechanism of dispute assistance and resolution. The Farmers' Advocate has the latitude and flexibility to involve itself in any issue that may effect rural Albertans. This has enabled the Advocate to provide an independent perspective outside of any sphere of influence.

With the role of both municipal and provincial governments changing rapidly, rural Albertans will have difficulty in finding their way through the maze. The Farmers' Advocate is able to offer assistance effectively in directing them to the appropriate agency. In disputes between individuals and local governments, these complaints are advanced to the respective bodies and information requested. If the complaint is justified, measures are taken in an attempt to find a solution to the problem. The Farmers' Advocate has maintained very good working relations with all levels of government.

The Farmers' Advocate, as mediator and facilitator, handles a wide range of agricultural and people-related concerns which include surface and mineral rights, livestock, drainage, financial concerns, disputes with neighbours, trespass, machinery complaints, and concerns relating to provincial and municipal regulations and statutes.

Strategies for the Future

The Farmers' Advocate will continue to deal with diverse issues brought forward by rural Albertans. The office will provide a one-window source of information and dispute resolutions.

It is apparent that oil and gas industry activity is increasing rapidly in Alberta and the need for further information will continue, particularly as the energy industry uses new technologies that may provide efficiencies to that industry, but not necessarily to the rural community. In addition, the office will be called upon more frequently than it has in the past to act as an appeal body in concerns with the Department of Transportation & Utilities, the Department of Environmental Protection (Refined Hydrocarbon Impact Program) and the Alberta Energy & Utilities Board (Water Well Restoration or Replacement Program) as well as being the official mediator for the Alberta Association of Municipal Districts and Counties. This office is perceived to be unbiased and there have been informal suggestions that the role of an appeal agent be expanded to include additional agencies as the expected reduction of provincial programs and services impact rural Albertans.

The requirements of the Farm Implement Act will change as technology and economy change. The number of rural dealers in Alberta is expected to continue to decline as consolidations of dealerships continue. The changes may be profound, but as yet, are not measurable. The Farm Implement Act is effective and accepted in the industry. The Act will continue to be monitored to assure it meets the needs of Alberta farmers.

The Farm Implement Act Administration has developed, and will continue to update and expand on its present, "Parts Source for Obsolete Implements". This obsolete implement parts list has been distributed to all licensed dealers throughout the province. It is anticipated that this list will reduce the parts source enquiries by approximately 25% or 500 calls per year.

The Farmers' Advocate will consult with all farm organizations in Alberta in developing programs and policies for the benefit of agriculture when required.

This office will continue to develop and release information packages to help Albertans become more self-reliant.

Financial Plan

The Farmers' Advocate will continue to deliver the current high level of service to our clients during the fiscal years 1997-98 to 1999-2000 with the projected annual budget of $393,000.

($000)	1995-96 Actual	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Expenditure	385	393	393	393	393

Key Results

- In preparation for a full review of the Alberta Farm Implement Act in 1998, we will continue to address the synchronization of the Act with the other prairie provinces.

- We will continue to be pro-active in developing criteria for all phases of reclamation, including surface leases, rail beds and roadways.

Conclusion

The main objective is to provide our clients with the best information available. Our clients dictate the direction the agency will take, therefore, the utilization of the Farmers' Advocate by rural Albertans may introduce administrative reform in procedures, thus enhancing them to compete in the global marketplace.

The Office of the Farmers' Advocate continues to support the Ministry's goals. Its priorities are to ensure that the farmer's competitiveness, knowledge, skills, and stewardship of the soil and water will increase and improve.

Appendix 6 Irrigation Council

Business Plan 1997-98 to 1999-2000

Irrigation Council Mission

To support the effective management of irrigation districts and rehabilitation programs to achieve a sustainable irrigation industry.

All Irrigation Council strategies and activities are centered around the Ministry's Mission **"we will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services"**, and fall under the **Ministry Goals #4, #6 and #7.**

Ministry Goal #4 - Increased diversity of industry commodities, products, and services.

Ministry Goal #6 - Improved stewardship of natural resources for agricultural, industrial, and public benefit.

Ministry Goal #7 - Improved management of the Ministry's resources.

A reliable irrigation water supply infrastructure in the southern part of the province provides opportunity for a multitude of options for agricultural producers and processors. Thirteen organized irrigation districts manage and administer their water delivery infrastructure, including 80 man-made water bodies, to deliver water to 1.25 million assessed acres of irrigation. They provide municipal water to 48 communities, domestic water to over 5,000 rural residences, plus water for recreational and fish and wildlife habitat opportunities. The irrigation infrastructure improves quality of life, enhances the family farm and other agricultural businesses, encourages decentralized population growth and contributes 36,500 jobs to the provincial economy. Council's mission is to support the irrigation districts to do the best job possible.

Ministry's Primary Clients

Those people and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and food industry.

Irrigation Council's Primary Clients

Irrigation Council's primary clients are the Minister of Agriculture, Food and Rural Development and the thirteen irrigation districts - their Boards of Directors and management staff. Since the irrigation district boards are elected by and to serve the district water users, Council considers the water users (collectively) to be important secondary clients.

Authority

The Irrigation Act (R.S.A. 1980, CH. I-11) Section 4 states "There shall be an Irrigation Council....". Council's responsibilities and authority are specified in the Act.

Strategies and Actions

Ministry Goal #4 Increased diversity of industry commodities, products and services. (For our purposes, the key points are affordable, reliable irrigation infrastructure to facilitate adding value through diversification).

Irrigation Council Strategies

1. Encourage the availability of effective and efficient irrigation works for present and future generations.

Irrigation Council Actions

1. Review and approve Irrigation Rehabilitation Program project proposals for adherence to accepted design standards and policies, while accommodating multiple purpose use of water if compatible with the supply of water to irrigated lands.

2. With assistance from departmental staff, work with irrigation districts in reviewing and updating current design and construction alternatives, standards and policies.

3. With assistance from departmental staff, monitor adherence to accepted design and construction standards and policies. Act on deviations.

4. In consultation with irrigation districts, ensure that they have a maintenance program in place that will maximize infrastructure life, thereby protecting the provincial investment.

5. With the expertise of departmental and irrigation district staff, consult and assist the irrigation districts with planning for long-term rehabilitation and maintenance and the development of maintenance guidelines.

6. Keep members of the legislature and senior government officials informed on irrigation related matters.

Irrigation Council Strategies	Irrigation Council Actions
2. Advocate appropriate irrigation infrastructure funding support.	1. Implement the long-term Irrigation Rehabilitation Program.
	2. Keep government apprised of the needs of the irrigation districts.
	3. In consultation with the irrigation districts, inform the members of the legislature and senior government officials, of the need to provide additional funding to achieve a more timely rehabilitation of the unrehabilitated major works.
3. Encourage and support rationalization of uneconomic irrigation district infrastructure.	1. Request appropriate special studies.
	2. With the expertise of departmental staff, consult and assist the irrigation districts with planning for long-term rehabilitation and maintenance.
	3. In consultation with the irrigation districts, work towards achieving a rationalized, economic irrigation district infrastructure and secondly, provide the legal means to achieve this action.
4. Encourage the irrigation districts to be more financially self reliant.	1. Review and support feasible applications for extended activities by irrigation districts.
5. Encourage a maximum irrigation district size compatible with the district allocated water with minimum risk to water users.	1. Review irrigation district assessment roll changes, ensure compliance with the regulated expansion limits as tied to licensed volumes.
	2. Support the collection of accurate data in regards to crop water use, crop mix, risk, and distribution efficiencies to allow for an accurate determination of feasible irrigation district size.

Ministry Goal #6 Improved stewardship of natural resources for agricultural, industrial, and public benefit.
(For our purposes, the key points are sound water management decisions, e.g., allocation, distribution, use, and sustainable soil and water quality, e.g., land classification, preventing seepage.)

Irrigation Council Strategies	Irrigation Council Actions
1. Encourage irrigation districts to develop plans for long-term rehabilitation and maintenance.	1. Ensure seepage control is considered as part of rehabilitation plans.
2. Encourage the long-term sustainability of irrigated land.	1. Ensure the use of pertinent, current, long-term Land Classification Standards and act quickly on non-compliance.
3. Encourage research and development of ways to increase water supply and distribution efficiencies within the irrigation districts.	1. Encourage irrigation districts to monitor, measure and record flows.
4. Promote the protection of water quality.	1. Encourage irrigation districts to educate users on minimizing or eliminating contamination. 2. Encourage the irrigation districts to pursue acceptable water quality in their supply system and in return flows, e.g., control right-of-way access, control land use, wherever possible.
5. Accommodate irrigation district plans for multiple purpose use of water and related land if compatible with the long-term supply of water to irrigated lands.	1. Review irrigation district proposed special agreements. 2. Consult with and advise irrigation districts on acceptable "other" uses.

Ministry Goal #7 Improved management of the Ministry's resources.
(For our purposes, the key points are improved payback from fiscal resources -return to provincial investment - responsibilities under the Irrigation Act - staffing (human resources) that Council uses as resources, quality service to client).

Irrigation Council Strategies	Irrigation Council Actions
1. Encourage/promote optimum benefits from the government investment in irrigation district infrastructure.	1. Implement the long-term Irrigation Rehabilitation Program. 2. In consultation with irrigation districts, ensure that they have a maintenance program in place that will maximize infrastructure life, thereby protecting the provincial investment. 3. Act on any concerns where irrigation districts are deviating from Council policy or the Irrigation Rehabilitation Financing Agreement. 4. Conduct periodic review of the funding program.
2. Encourage fiscal responsibility by irrigation districts.	1. Review and approve those irrigation district financial activities as required by the Irrigation Act. 2. Review and evaluate proposed annual irrigation district expenditures and Audited Financial Statements. Follow-up, act on any concerns. 3. Act on any concerns where irrigation districts are deviating from Council policy or from sound management practice.

Irrigation Council Strategies	Irrigation Council Actions
3. Promote full knowledge of and compliance with the Irrigation Act.	1. Provide quick and accurate communication on any non-compliance with the Irrigation Act. 2. Provide advice and coaching to all clients regarding knowledge and compliance with the Irrigation Act. 3. Participate in related information seminars.
4. Maintain a high degree of service to clients.	1. Encourage departmental support staff to obtain the training and experience to provide technical support. 2. Encourage Irrigation Council members to obtain training and experience. 3. Recognize departmental employees for their contributions.
5. Encourage implementation of an effective appeal procedure.	1. Review the role of the Irrigation Appeal Tribunal and Irrigation Council in handling appeals.
6. Keep the Irrigation Act updated to meet current needs.	1. In consultation with irrigation districts, recommend appropriate amendments to the Irrigation Act.

Key Directions 1997-98 to 1999-2000

Irrigation Council Key Directions

Council's main efforts will be to:

1. Provide advice to the Minister of Agriculture, Food and Rural Development on major issues such as funding requirements, irrigation expansion limits, water management, and recommend appropriate legislation.

2. Review and monitor the fiscal and operational activities of the thirteen irrigation districts and, if necessary, coach them for possible improvements to policies and methods for administration and operation.

3. Administer the long-term Irrigation Rehabilitation Program.

4. Work with the Alberta Irrigation Projects Association (AIPA) to achieve common aims and goals.

5. Work with the irrigation districts and the Irrigation Branch to ensure maintenance guidelines are developed and implemented.

6. Work with the Ministry, Irrigation Districts and the AIPA to update the Irrigation Act.

Measurable Results

(Key results, performance measures and indicators particular to Irrigation Council's specific operations, from its supervisory and advisory role).

Irrigation Council's success will be measured by:

1. Irrigation districts' annual evaluation of Council's effectiveness.

2. The number of justifiable or realistic complaints by water users on irrigation district operations that come to Council for decision.

3. Adoption by irrigation districts of a structured approach to maintenance management.

4. Number of irrigation districts that are improving their water measurement network.

Financial Plan

The following table summarizes Irrigation Council's expected expenditures as projected in the Ministry's Business Plan.

($000)	1995-96 Actual	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Expenditure					
Rehabilitation Grants to Districts from the Irrigation Rehabilitation Program	17,200	19,700	14,700	17,200	17,200
Rehabilitation Grants from the Irrigation District Rehabilitation Fund[1]	7,234	1,781	--	--	--
Council Administration	274	234	242	242	242
Total Expenditure	**24,708**	**21,715**	**14,942**	**17,442**	**17,442**

[1] The Irrigation District Rehabilitation Fund was originally an endowment fund created with monies from the Alberta Heritage Savings Trust Fund.

Appendix 7 Surface Rights Board/ Land Compensation Board

Business Plan 1997-98 to 1999-2000

Executive Summary

The Board has been able to stabilize surface rights in Alberta with a minimum of appeals from their decisions. Training of Surface Rights Board members to handle Land Compensation Board issues continues.

Mission Statement

To maintain a quasi-judicial system for a just, economical and timely process for all parties, while upholding the integrity of the Acts (system) for the protection of landowners expropriated or affected by right of entry while ensuring the ability to extract minerals in a timely manner for the benefit of all Albertans.

General Board Overview

The Surface Rights Board (SRB) and the Land Compensation Board (LCB) are quasi-judicial compensation boards and the operations are dictated by the two Acts. There are at least eight other provincial Acts which also impact on the Boards, plus judicial precedents through the Courts. The Boards are reactive (service on demand). Therefore, the workloads are determined by outside sources. Besides compensation hearings, the Board members and staff work at solving problems and giving information to the public with an eye to reducing the number of hearings required.

Environmental Issues

Due to the nature of the Boards' mandate (compensation setting), there is no impact on the environment by the operations of the Boards. All environment issues before the Boards are dealt with by the appropriate agencies.

Goals

Under the Ministry's seven goals, the Land Compensation Board and Surface Rights Board have incorporated Goal #7 - "Improved management of the Ministry's resources" - as the guide for developing the Boards' goals.

1. **To review the make-up of the Surface Rights Board/Land Compensation Board membership with the Minister.**

   Board Member Requisites:

   i) Acquire a good working knowledge of the Surface Rights Act and the Expropriation Act and any other Acts which impact the Boards.

   ii) Develop a good grasp of the law covering expropriation and surface rights.

   iii) Develop ability to write concise decisions based on the law.

   iv) Learn how to chair quasi-judicial hearings.

   Well-trained members enable us to keep the cost of hearings to a minimum as well as producing quality decisions with consistency.

2. **To continue review of administration for cost savings.**

   The expenditures of the SRB for 1984-85 were $1,389,332. On April 1, 1985, a new chairman of the Surface Rights Board was appointed. On April 1, 1991, the SRB and LCB were amalgamated administratively, with the SRB chairman and vice-chairman appointed as chairman and member of the LCB.

   In 1995-96, the expenditure of the SRB and LCB was $1,162,973, or approximately $226,000 less than 1984-85 expenditures of the SRB alone. The above figures do not include $15,275 in 1984-85 and $671,039 in 1995-96 for grants under Section 39. These grants are not controllable by the SRB, but disbursements are mandated under Section 39 of the Surface Rights Act. The average expenditure of the LCB for the two years prior to amalgamation of the boards was $350,000 per year.

We will be continuing the cross-training of our staff, workloads permitting, to achieve the ability to better allocate our staff resources. The oil industry is still experiencing a reasonably high level of activity which does impact our workload. We are unable to forecast any diminishing of our involvement in the foreseeable future.

3. **Section 39 of the Surface Rights Act.**

The energy industry and the Alberta Energy and Utilities Board (AEUB) appear to have come to a decision on surface reclamation for orphan wells. One of the recommendations of the Orphan Facilities Pipelines and Reclamation Subcommittee is that:

> "The funding for the reclamation of wells, multi-well facilities (MWF) and infrastructure is to be provided by an annual levy on inactive wells, and abandoned but uncertified wells and MWFs."

A further recommendation is that:

> "The reserve portion of the Orphan Program is to be increased from the $2,000,000 to $5,000,000 during the first four (4) years of the expanded program."

We do not expect an impact on our Section 39 expenditures for at least two to five years and any reduction will be conditional on the number of new applications received. We are also not convinced at this time that the program will have much of an impact on our expenditures for the short term (one to five years) as the majority of our payments are not for orphan wells.

Financial Plan

($000)	1995-96 Actual	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Expenditure	1,834	1,892	1,848	1,498	1,498

Appendix 8 The Agricultural Products Marketing Council

Business Plan 1997-98 to 1999-2000

Executive Summary

Marketing Council is an integral agency of the Ministry and is in the business of assisting the producer commodity organizations who use the Marketing of Agricultural Products Act. Its roles and responsibilities are defined by statute and consist primarily of:

- advising the Minister;
- administering the legislation;
- establishing, administering, and ensuring enforcement of approved marketing regulations; and
- supervising the operations of the boards and commissions.

There are sixteen boards and commissions presently incorporated through the legislation. They represent almost four billion dollars in farm cash receipts annually, or about four out of every five dollars of our province's revenue from farming.

Council's activities facilitate producer initiatives in marketing, research and policy development. A current emphasis is to broaden the focus of commodity organizations beyond regulatory control by encouraging the development of sound business philosophy and strategic planning.

In line with the Ministry's business planning process, Marketing Council has developed a new draft strategic plan. Council will be working closely with the Boards and Commissions, as well as the industry stakeholders, to communicate this plan and make necessary adjustments based on the feedback that is received.

Ministry Alignment

The Ministry's Mission "to enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services" is central in Marketing Council's activities as we serve the same client needs. Council also shares the vision of a Ministry of competent and valued staff working together and in partnership with others to achieve a world class industry.

Council's emphasis however, is focused on providing the infrastructure necessary for the commodity groups to organize their policies, programs, and services. This will enable these organizations to assist producers in their efforts to be more profitable and globally competitive in Alberta's expanding agriculture and food industry.

In support of the Ministry's goals, Marketing Council's proposed key results are as follows:

Ministry Goal #1: Improved access to domestic and world marketing opportunities.

- **Key Results to be Achieved:** To have all Board/Commission Plans and Regulations assessed and/or amended to ensure they allow access to domestic and world market opportunities.

Ministry Goal #2: Improved industry service, quality and cost competitiveness.

- **Key Results to be Achieved:** To assist in global marketplace education by developing ongoing strategies for communication, awareness and education for Boards and Commissions to assist their producers to compete in global markets.

Ministry Goal #3: Increased amount of value added to industry commodities, products and services.

- **Key Results to be Achieved:** Boards and Commissions working actively with processing sector to increase the value added side of their products.

Ministry Goal #4: Increased diversity of industry commodities, products and services.

- **Key Results to be Achieved:** Commodity organizations having an ongoing process in place to assess changing global market requirements.

Ministry Goal #5: Increased responsibility of industry to manage risk.

- **Key Results to be Achieved:** Boards and Commissions amending legislation specifically to assist in managing risk.

Ministry Goal #6: Improved stewardship of natural resources for agricultural, industrial and public benefit.

- **Key Results to be Achieved:** To ensure commodity organization legislation recognizes environmental and natural resource concerns.

Ministry Goal #7: Improved management of the Ministry's resources.

- **Key Results to be Achieved:** To be an organization that is efficient and effective in day-to-day operations.

Growth and Activity

Marketing Council supports the Business Plan and goals for the Ministry. It is clear that the activities of the boards and commissions will continue to expand into those areas no longer serviced by government. The emphasis is on value-added agriculture. The food and industrial use of products marketed nationally and internationally is on the agenda of most of the organizations operating under the Marketing of Agricultural Products Act.

The development and utilization of new technology, the efficient use of natural resources, and the need for a knowledgeable and expert human-resource industry are all priorities to the various commodity organizations incorporated under the Marketing of Agricultural Products Act. The shift of emphasis by government will increase the activities of the commodity organizations and coincidentally the needed involvement of Marketing Council.

Regulatory Review

As a part of the government's Regulatory Reform objectives, Marketing Council and all of the commodity organizations established under the Marketing of Agricultural Products Act will conduct in-depth reviews on all plans and regulations. This means that the regulations for Marketing Council and the 16 boards and commissions will be reviewed and if necessary, amended to ensure they meet changing industry needs.

The Regulatory Reform process provides an excellent opportunity to further encourage and develop the necessary legislation and infrastructures to support the Ministry's plan and goals.

Financial Plan

Council has taken steps to streamline and become more efficient, and this process will be continuing.

($000)	1995-96 Actual	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Expenditure	459	509	509	509	509

Current Use of the Legislation

There are currently sixteen producer boards and commissions established under the Marketing of Agricultural Products Act. Also, there are other commodity groups which are considering becoming a board or commission. Attachment 1 lists the various commissions and boards now in operation and outlines their primary functions.

Attachment 1

Board or Commission	Function/Purpose
Alberta Barley	To coordinate, sponsor or co-sponsor on behalf of farmers, agronomic research, market development and promotion, information and technology transfer and policy development.
Alberta Canola Producers	To develop and implement projects and programs to increase and improve the production and marketing of canola, inform producers and advise governments on matters concerning the canola industry.
Alberta Cattle	To enhance the economic well-being of the Alberta cattle producers by lobbying government, enhancing the industry's image, promoting beef to consumers, liaising with producers and executing industry programs and services.
Alberta Chicken Producers'	To regulate the production of chickens, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Egg Producers	To stabilize the egg industry against extreme fluctuations in price, improve the monetary returns to producers, monitor the quality of eggs, improve productivity through research and encourage consumption of fresh eggs.
Alberta Hatching Egg	To regulate the production of hatching eggs, to negotiate prices to be paid to producers, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Pork Producers	To provide effective promotion and regulation in all aspects of the marketing of Alberta slaughter hogs.
Potato Growers of Alberta	To establish and maintain a minimum price on all table and seed stock, excluding potatoes for processing, sold in Alberta.
Alberta Pulse Growers	To provide responsible leadership in the development of a progressive, viable pulse industry in Alberta.
Alberta Sheep and Wool	To initiate, support or conduct programs that stimulate, increase and improve the economic well-being of the sheep industry by developing better marketing methods, grading standards, and research and development programs.

Board or Commission	Function/Purpose
Alberta Soft Wheat	To develop and implement projects and programs to increase and improve production, promote research and improve marketing of Alberta grown soft white spring wheat.
Alberta Sugar Beet Growers'	To negotiate prices to be paid to producers, to allot production quotas and to improve and increase the production and marketing of sugar beets.
Alberta Turkey Growers	To regulate the production of turkeys, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Fresh Vegetable	To set minimum prices to be paid to producers and to see that a system of grading is maintained and to enhance the well-being of Alberta fresh vegetable producers.
Alberta Vegetable Growers'	To negotiate with the processor the prices and the terms of an annual agreement on behalf of the producers of vegetables grown for processing.
Alberta Winter Wheat	To develop and implement projects and programs to increase and improve production and marketing of Alberta-grown winter wheat.

Appendix 9 Alberta Grain Commission

Business Plan 1997-98 to 1999-2000

Executive Summary

The Alberta Grain Commission mission is:

> **To ensure that policies and programs meet the needs of farmers and promote a viable market-driven agri-food sector.**

The Commission's goals are:

1. To maximize the long-term interests of farmers and thereby enhance the strengths of our people, families and communities.

2. To improve the grain industry's ability to access and respond to dynamic domestic and world market opportunities.

3. To improve the grain handling and transportation service, quality and cost competitiveness.

4. To increase the grain industry's ability to diversify and add value to the crops produced and products manufactured.

The Commission's primary mandate is to develop policy recommendations to the Minister concerning the Alberta grain industry. As well, the Commission advocates policies as set out by the Minister. Effective liaison is maintained with farmers, other governments, commodity organizations and grain traders.

Introduction

The Alberta Grain Commission was established in 1972 to examine all facets of the Alberta grains industry for the purpose of developing policy recommendations to the Minister, and advocating policies as set out by the Minister or as adopted by the Commission. In addition, it is to maintain liaison with farmers, other governments and organizations necessary to carry out its objectives, and to carry out operational plans and programs to achieve such policies, goals or objectives as may be designated by the Minister.

The Alberta Grain Commission's 1997-98 to 1999-2000 business plan will focus on Alberta Ministry Goals #1 through #6. These goals are:

1. To improve access to domestic and world markets opportunities.

2. To improve industry service, quality and cost competitiveness.

3. To increase the amount of value added to industry commodities, products and services.

4. To increase diversity of industry commodities, products and services.

5. To increase the responsibility of industry to manage risk.

6. To improve stewardship of natural resources for agricultural, industrial and public benefit.

Expected Long-Term Results

1. Increases in Alberta Farm Cash Receipts from crops.

2. Increases in Realized Net Farm Income.

3. Less fluctuation in Net Farm Income.

4. Increases in value of exports of grain and grain-derived food products from Alberta.

5. Increases in overall employment in agriculture, agri-food and agri-business.

Long-Term Strategic Plan

1. Maintain an effective interface with the Minister and ensure that recommendations of the Commission are communicated to the Minister.

    a) The Chairman will provide the Minister with motions and recommendations emanating from Commission meetings together with related background information.

    b) The Chairman will provide the Minister with an annual report on significant issues that the Commission has addressed.

2. Maintain contact with farmers and the grain industry to ensure that the needs of the sector are reflected in Commission recommendations to the Minister.

   a) Commission Members will attend meetings of farm and grain-related organizations and develop appropriate relationships in order to keep the Commission apprised of industry developments.

   b) Commission Members will jointly develop recommendations to the Minister, and for the operation of the Commission.

3. Promote and advocate policies which clearly support Ministry and Commission goals, and monitor and assess industry development to ensure that appropriate issues are being addressed in a timely manner.

   a) Promote greater access of farmers to domestic and international markets by pursuing improvements to marketing systems for grains, oilseeds and special crops.

   b) Advocate appropriate changes and adjustments resulting from elimination of the Western Grain Transportation Act in support of a more efficient and responsive grain handling and transportation system.

   c) Pursue changes to the Canada Grains Act that will allow for improved marketing, handling and transportation efficiencies.

   d) Review general marketing issues such as competition, terms of trade, price reporting, commodity futures contracts, and the contracting environment.

   e) Review and make recommendations regarding input costs, input/output price relationships, fertilizer competition, research, conservation and environmental issues as they affect Alberta farmers.

   f) Monitor the performance of provincial and federal/provincial programs benefitting Alberta farmers to ensure they are meeting program objectives as well as the needs of producers.

Financial Plan

($000)	1995-96 Actual	1996-97 Forecast	1997-98 Estimate	1998-99 Projection	1999-2000 Projection
Expenditure	279	201	222	222	222

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